Daily Report

East Europe

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FBIS-EEU-93-196 *13 October 1993*

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Explosion in Yugoslav Embassy Courtyard

LD1210121693 Belgrade TANJUG Domestic Service in Serbo-Croatian 1124 GMT 12 Oct 93

[Text] Tirana, 12 Oct (TANJUG)—An explosive device was activated in the courtyard of the Yugoslav Embassy in Tirana late last night. Fortunately, there were no casulaties in the powerful explosion as the embassy staff were not there at the time of the explosion.

Albanian autorities have conducted an investigation and now the Yugoslav Embassy is waiting to be informed about the results of their investigation.

It is difficult to say how efficient the Albanians will be in finding out who the perpetrator was. However, on 30 September a security officer of the Yugoslav Embassy in Tirana found two explosive devices in the courtyard of the embassy. The Albanian police carried out an investigation then, but they failed to inform the Yugoslav Embassy or the government in Belgrade about their findings.

Meksi, Party Leaders on Greek Election Results

AU1210182493 Tirana Radio Tirana Network in Albanian 1430 GMT 12 Oct 93

[Text] Regarding the Greek election results, Prime Minister Aleksander Meksi said, in an interview with the BBC, that he wishes Mr. Papandreou success in his work as prime minister and that he hopes that the traditional links between the Albanian and Greek peoples and governments will surely develop further in the interests of both countries. Albania has always been and continues to be interested in having the best possible relations with her neighbors. We are convinced, he said, that the Greek Government will work in the interest of the Greek people. We are also convinced, he added, that the interests of the Greek people coincide with those of the Albanian people, who are in favor of good neighborliness.

Mr. Servet Pellumbi, deputy chairman of the Albanian Socialist Party said that a change of politicians on the basis of the election results in Greece would have a positive influence not only regarding a policy of good neighborliness between the two countries, but simultaneously, and taking into consideration that Greece will take over the leadership of the European Community from January onward, this will also influence policy in the Balkans and in Europe.

In a telegram addressed to Mr. Andreas Papandreou, Mr. Gjinushi, chairman of the Social Democratic Party of Albania, congratulated Mr. Papandreou on PASOK's [Panhellenic Socialist Movement] victory in the Greek elections, and expressed his belief that this will mark a new chapter in the relations between Greece and Albania, which can reach the levels desired by our two befriended peoples through understanding, dialogue, and without prejudice.

Ruli, IMF Official Hold Press Conference

AU1310070893 Tirana ATA in English 0923 GMT 12 Oct 93

[Text] Tirana, October 12 (ATA)—At the end of the visit to Albania, the vice president of IMF for Eastern Europe, Jacques Artus and the Albanian minister of economy and finances, Genc Ruli, had a press conference on October 11. They said that the IMF is supporting Albania, like other countries of Eastern Europe, with technical assistance by various donators. The three-year program which started last year is promising. Mr. Artus said that the main objectives are being realised. He considered Albania the country where the rates of production growth are the highest, as compared with other post-communist countries. This index there is 4-5 per cent while in Albania it is expected to be 7-8 per cent. Mr. Ruli valued this result considering it as a fact which arouses hopes among the people.

Mr. Artus and Mr. Ruli described as an objective of the program for the future the stability of the structural reform. The financing for this program is about 60 million dollars. In reply to questions by reporters, Mr. Ruli stressed that the stability of currency depends on the way how forecasts of experts will come out. The fact that the production growth has been higher than that envisaged in 1992 is promising, Mr. Ruli said. Another positive fact is the lowering of inflation beyond expectations.

Mr. Artus and Mr. Ruli made explanations for other economic problems such as the changes in salaries and pensions, the activity of the Institute of Statistics and the perspective stability of the lek.

Government Agrees to U.S. Ambassador Appointment

AU1210204193 Sofia Khorizont Radio Network in Bulgarian 2000 GMT 12 Oct 93

[Text] The Bulgarian Government has agreed in writing to the appointment of the new U.S. ambassador to Bulgaria, William Montgomery, who will assume his post by the end of the month. This was stated to a BTA correspondent by a high-ranking official of the Ministry of Foreign Affairs who prefers to remain anonymous.

The source said that despite criticism in the press regarding the statement of Mr. Montgomery at the U.S. Senate Foreign Affairs Commission, he will soon present his credentials to President Zhelev, who will accept them.

The Foreign Ministry source expressed his puzzlement with the fact that the United States has still not recognized the sovereignty of the Republic of Macedonia, while, simultaneously, their diplomat is concerned with the existence of certain illegal Macedonian partys in Bulgaria.

We think, the source says, that REUTER has twisted Mr. Montgomery's words. We do not doubt that the British journalist wanted to hit U.S. diplomacy below the belt in order to help Great Britain in its duel with the United States in the Balkan ring.

BSP Leadership Declaration on Moscow Events

AU1210094793 Sofia DUMA in Bulgarian 5 Oct 93 p 1

["Declaration of the Executive Bureau of the Bulgarian Socialist Party's Supreme Council and the Leadership of the Parliamentary Alliance for Social Democracy": "Bulgarian Socialist Party Condemns Violence"]

[Text] The Editorial Board has received a declaration by the Executive Bureau of the Bulgarian Socialist Party's [BSP] Supreme Council and the leadership of the Parliamentary Alliance for Social Democracy, which reads as follows:

The sharp clash between the legislative and executive powers of the Russian Federation developed into a bloody drama. It alarmed not only Russia but the entire world public. The concern expressed in the BSP leadership's declaration of 22 September became a tragic reality. Russia came to the edge of civil war, because the Russian politicians failed to present and implement a democratic alternative for the transition.

The Bulgarian Socialists categorically condemn the violence, regardless of which side it came from. It is impossible to achieve democracy through undemocratic means. We believe that our public will reject the biased analogy between Russia and Bulgaria, as made by leaders of the Union of Democratic Forces [SDS]. We view them as a cynical attempt to exploit the tragedy of the Russian people for narrow party goals.

The Bulgarian Socialists express their hope that all armed clashes will stop and that the conflict will be resolved through constructive dialogue and free elections.

Events in Russia traditionally affect Europe and the world, but most of the East European countries are already marching confidently along the road of democratic changes through peaceful means. We are convinced that the changes in Bulgaria are irreversible. For almost four years the BSP has been a basic factor in the democratic changes and will remain a guarantor of the stability of peaceful transition in Bulgaria.

The Bulgarian Socialists will do everything possible to prevent any return to the past and the restoration of the rejected state and social models, and will consistently protect the Constitution and its principles.

SDS Leadership Expels Liberal Congress Party

AU1210182093 Sofia Khorizont Radio Network in Bulgarian 1000 GMT 12 Oct 93

[Report by Antoaneta Puncheva]

[Text] A meeting of the Union of Democratic Forces [SDS] National Coordinating Council, which opened this morning, discussed problems of the current political situation.

With 12 votes, the SDS National Coordinating Council, at this morning's regular meeting, expelled the Liberal Congress Party from the coalition for systematic breaches of the coalition's moral code.

Another vote was passed on defreezing the membership of the New Social Democratic Party, which distanced itself from the statements of its speaker Ivan Tsenov, who is no longer entitled to represent that party in the National Coordinating Council.

The election results in Greece were discussed at today's session. Filip Dimitrov and Ivan Kurtev briefed their colleagues on their visit to Brighton [as heard, presumably meaning Blackpool], in Great Britain, where they attended the annual conference of the Conservative Party.

As of the end of October 1993, the SDS intends to introduce a new model of meetings with the public.

The first two such meetings are scheduled to take place in Kyustendil and Dupnitsa, and are expected to deal with specific problems of the municipalities.

President Havel Addresses Parliament

LD1210172393 Prague Radiozurnal Radio Network in Czech 1220 GMT 12 Oct 93

[Address by President Vaclav Havel to parliament—live]

[Excerpts] [Passage omitted] Our intention to apply for NATO membership has been anchored in the government's foreign political strategy, which you have adopted. It is one of the bases of our foreign policy. It has been systematically reflected in the work of our Foreign Ministry and other constitutional and political bodies. It enjoys, relatively, great support from our general public. In spite of it, it seems to me that it will do no harm if we remind ourselves now why we are trying for NATO membership.

I would say that there are three main reasons for this: First, the Czech land is in the very center of Europe. It is a traditional crossroads of various European spiritual streams and geopolitical interests and its thousand-year-old history proves that no important European conflict or confrontation avoids it. Many wars started or ended here. European history has become entangled or untangled here more than once. This experience shows us that we cannot look only after ourselves but that it is in our interests to pay attention to pan-European events which, whether we want it or not, would affect us more than many other countries. This is why we feel with particular urgency our share of responsibility for European security.

The aim of our effort to join NATO is not simply to have international security guarantees. It is also based on the will to take on our share of responsibility for the state of public affairs in our continent and to bring our special voice, based on our special experiences, to the debates on its prospects and its defense. Simply, we do not want only to take and make no contributions. On the contrary, we want to take an active part in the defense of European peace and democracy. We have experienced far too often what indifference to the fate of others can lead to in political affairs, we have been prone to it ourselves.

We belong, and have always belonged to the West European cultural sphere. We pursue all the fundamental values of Euro-American civilization, that is values such as civic society, parliamentary democracy, a pluralistic political system, free trade economy, and a legal state based on respect for the individual and its rights and liberties. Naturally, therefore, we share precisely those values NATO has been entrusted to defend. There is more to this—not only do we share these values but we also consider ourselves to be their cocreators—who associate themselves with them not as outsiders but as people who, for centuries, have been making a contribution to their creation and development. Therefore, why should we not share in their shared defense?

The last reason is the so-called geopolitical aspect. Still fresh in our minds is Munich, which constituted not only the failure of Western democracies vis-a-vis the emerging Nazi evil—a failure the West had to pay for dearly later on—but which also constituted the collapse of collective European security. This experience has taught us just how important it is for us, a country occupying a place as exposed as ours, to be firmly integrated into a working system of collective defense, not just for our sake but for the sake of others as well. The urgency of this notion must be appreciated by all responsible leaders of this country.

In this unsettled time, when Europe is dramatically searching for its new image, playing with the isolationist idea of some sort of third way in the form of some kind of special non-alignment would be, for our country, not only very short-sighted from the security point of view but also it could mean our dangerous elimination from the circle of countries participating in this search motivated by shared responsibility for shared values.

In the past Czechoslovakia played a key role in eliminating the Warsaw Treaty, the instrument of Soviet hegemony. [passage omitted]

Our present interest in joining NATO logically ensues from the policy Czechoslovakia embarked upon after its self-liberation. [passage omitted]

In Trying to gain NATO membership we should know what kind of NATO we want to join. In this context I would like to make several remarks.

Once the Cold War ended, NATO lost its main strategic opponent. This is why at present it is considering, and should be considering, its new purpose and orientation. In my view, in future it should fulfill three fundamental tasks:

First, to continue to be, as it has been so far, one of the guarantors of internal stability of democratic Europe. Second, to be the instrument of its joint defense against a potential aggressor, wherever he comes from. Third, to serve in cooperation with the United Nations, or on the basis of a UN mandate, as the instrument to defend freedom, rule of law, and democracy if they are seriously threatened by local conflicts in the immediate vicinity of NATO. [passage omitted]

The Washington Treaty, by which NATO was established, does not say that its raison d'etre is the defense against the Russian threat but a defense of democracy.

The new concept of the North Atlantic Alliance and especially its new military doctrine, the foundation of which cannot any longer be the assumption of a global confrontation within a divided world, therefore do not contradict the idea that was at the birth of this alliance. They only assume its new pragmatic application.

However, if NATO is to remain functional it cannot do this all at the same time. Europe does not need an endless, all-embracing, inoperative NATO that is internally too diverse and, as a result, unstable. Hence, in the strategy of its expansion, NATO will somehow have to differentiate and divide this process into phases. I

believe that a mere glance at a map and a history book clearly indicates that future peace, security, and order in Europe is difficult to imagine without it being secured in Central Europe.

Central European countries are not united merely by sharing the same spiritual and cultural environment, which has been created over the centuries by common history, that developed in an intertwined way, but especially by sharing those European values that I have already mentioned.

At the same time, these countries form a certain continuous belt that on the one hand is an integral part of the West European cultural circle but, on the other hand, it borders on one side with the traditionally less calm Balkans and on the other side with the major cultural circle of the Euro-Asian East where, due to various historically understandable reasons, the road to civic society and democracy is somewhat complicated.

Owing to this, central Europe can today be described as the front line of the struggle for democracy and stability in all of Europe. It is, at the same time, the main area where the ability of various European cultural groups to coexist on the basis of jointly adopted and, basically, universal values is tested and, evidently, will be still tested for some time. This area is therefore of almost central importance regarding Pan-European security today.

The majority of Central European countries are trying for NATO membership. They well know why. These countries are simply trying to get where they feel they belong. They are trying for membership, in which they see their security and where they can also offer effective participation.

This is why I think that the Central European countries should logically be considered the first candidates for NATO membership, disregarding which ones would be ready for this sooner and which later. By taking them on, NATO would be expanded in the most natural direction and manner.

This, however, does not mean that the other European post-communist countries, building democracies and market economies, should have their way into NATO closed. On the contrary, NATO should increase its cooperation with them, count on them, seek various forms of possible association as a transition to membership at a later date, and in this way to fulfill its task of contributing toward the spread of democracy and stability in Europe.

There is only one way for NATO to expand—step by step. In deciding its approach NATO should evaluate not only the individual applicants' defense needs and general geopolitical logic, but also, and perhaps, first of all—the new democracies' determination to defend freedom and justice. If NATO follows this path, it means that it has found an answer to the challenge of our time and has potential to transform itself into a truly all-European defense system.

In connection with NATO's future, the further purpose of the U.S. presence in Europe is being discussed a great deal at the moment. I am convinced that the U.S. presence is still necessary. In the 20th century, not only Europe but also America itself always paid dearly for American isolationism. The smaller America's involvement in the early stages of European and global conflicts was, the greater the sacrifices it had to make in the end.

Even now, as a new Europe is being shaped in dramatic circumstances, America cannot give up its responsibility for Europe's future. The point is that at the moment, when almost everything has acquired a pronounced European dimension, the very future of the entire Euro-American civilization is at stake more than ever. If we succeed in preventing Europe from dragging the rest of the world into war, and if—on the contrary—Europe contributes to peace and tolerance, the entire world will benefit.

I think that it is almost unimaginable that America of all countries, the greatest democratic country in the world and Europe's natural partner along the path of civilization, should not participate in this great task.

NATO's relationship with Russia and other countries of the former Soviet Union is probably a more complicated issue. I think that in principle there are only two options.

First, democratic forces will prevail in Russia and will come to understand that NATO is not Russia's enemy but its partner, offering very good prospects—that the moving of NATO's borders closer to Russia is not an enemy moving closer—on the contrary, this brings the zone of democracy and prosperity closer; and such a process is in Russia's essential interests as this can only mean a further rapprochement and a sort of radiation of democracy and stability in Russia's direction. After all, it is possible to conceive various ways of expressing the partnership between NATO and Russia in some sort of formal agreement.

However, the second possibility is that the forces that prevail in Russia—only for a temporary period no doubt—will be the forces that are not capable of leaving the imperialistic ambitions of the former Soviet Union behind, the chauvinistic forces, forces striving for a great Russia, crypto-communist and crypto-totalitarian forces. Russian leaders of that kind would, of course, strongly object to the expansion of NATO with former Soviet satellites and to NATO moving closer to Russia's borders. The thing is, they would not perceive this rapprochement as democracy and stability moving closer, but as the rapprochement of evil forces called the West.

It is my view that the West would make the most fateful mistake by giving in to such pressure. This would be a totally unjustifiable return to the Yalta agreement and to the Cold War period.

This would be the real failure of all the values of the West, it would mean the active encouragement of all imperialistic ambitions, writing off the nations who invested so much in their struggle for freedom, and selling it's own [the West's] freedom.

If, God forbid, this sort of dilemma emerges, it would once again, and very clearly, reveal that whenever in modern history Prague, Warsaw, or Budapest have been involved, it never concerns them exclusively, it always concerns the fate of freedom on this planet, too.

Ladies and gentlemen, in conclusion I should like to return to the Czech Republic. However favorable the new political decision about further strategy of the North Atlantic Alliance is for us, it will not mean that the Czech Republic will become a bona fide member of this organization overnight. At best, it would be the beginning of a relatively long and demanding process which, true, would be accompanied by the hope of a firm place for our country in the European security system that however, would mean a lot of work for us. It is not easy or cheap to achieve the minimum necessary compatibility of our Army with NATO, both in the sphere of building its structure, operational plans, the command system, communications and weapons systems, and many other things, and in the even more significant sphere, namely in what could be termed military thinking, understanding the Army and its meaning, the psychological environment in the Armed Forces.

These extensive changes in our Army, true, have started, but they will continue for a long time yet. Transforming the Army, inherited from a totalitarian state into a truly democratic army is not any easier than all the other great tasks of our social transformation. This task certainly cannot be successful if we do not create a favorable social climate for it—a climate that will make it possible for all to fully understand the significance and consequences of our entering the structures of the democratic world.

I no doubt say that this will require a profound change of mentality generally. We must definitively part with the feeling that, as a small country, we need not worry about the bigger things of this world which, anyway, are in the hands of the great powers, that our own defense is useless because everyone will defeat us anyway, that caring about the fate of freedom in other parts of the world is a luxury that we cannot afford.

I do repeat that NATO membership does not only mean taking shelter under a protective umbrella held over us by someone else, it is also a major pledge. It is an application to share responsibility for the cause of freedom and democracy and an expression of a determination to bring, if need be, sacrifices even.

Esteemed deputies, the Czech Republic's preparations for its possible future entry into NATO will require a thorough political debate resulting in essential decisions as well as relevant legislative preparatory work. Parliament will provide the space for this debate and these decisions. That is the reason why I opened this issue today from this very rostrum. I wish success to your deliberations and I thank you for your attention.

Meciar Promises To Raise Subsistence Level

AU1310072693 Prague CTK in English 2147 GMT 10 Oct 93

[Text] Bratislava, Oct 10 (CTK)—Slovak Premier Vladimir Meciar said tonight that certain positive shifts had appeared in the West's view of Slovakia membership of NATO, which were also due to the developments in Russia.

Speaking on Slovak Television, he said that Slovakia was expected not to be viewed otherwise than the Czech Republic, Poland and Hungary. He did not elaborate.

Meciar said it was not good when the public were indifferent to public affairs. The strength of our position arises from citizens' support, he said.

He added that the stability of Slovakia was assessed according to the support enjoyed by his ruling Movement For a Democratic Slovakia (HZDS).

According to the latest public opinion poll carried out by the Slovak Statistical Office in early September among 1,262 people over 15, only 15 percent of Slovaks would vote for the HZDS, which won about 37 percent in the June 1992 elections. The percentage of people not favoring any party increased from 34 percent in May to 45 in September, according to the same poll.

Meciar admitted that the government was not successful in all that it was doing, and pointed to negative interference in some social mechanisms. To redress the situation he promised to raise the subsistence level and pensions, but did not say how much and when.

He told people not to believe propaganda—he did not say from what source—according to which the Slovaks were worse than others. The evaluation is completely opposite, he said.

As an example Meciar gave his recent visit to Bavaria where he heard not a single critical suggestion from bankers who had been operating in Slovakia for one year. They only complained about excessive bureaucracy, he added.

Meciar said he had heard in Germany that people in Slovakia were industrious, well-disciplined, precise at work and highly skilled.

He announced that today he appeared for the last time in the television program called Ten Minutes With... He said he had agreed with Slovak Television to replace this program, which had been the premier's monologue, with a new 50-minute one broadcast on Tuesdays, in which the public would get information not only from the premier, but also ministers.

Foreign Minister on Improving Image Abroad

LD0810194993 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 1100 GMT 8 Oct 93

[Excerpts] [Announcer] Listen now to an interview given to Radiozurnal last night by the Slovak Foreign Affairs Minister Jozef Moravcik. During his trip to the United States he attended the 48th session of the UN General Assembly and participated in a number of bilateral talks with his foreign counterparts. [passage omitted]

[Begin recording] [Correspondent] You have participated in a true negotiating marathon with the representatives of many countries and spoken to quite enough people to answer the somewhat vexed question: What is Slovakia's image in the world?

[Moravcik] Slovakia's image and the way it develops is in our hands. I can say that we are taken as a serious and reliable partner, and it will be very important to maintain such an image. Likewise, we must clarify any unclear points occurring in connection with our policy vis-a-vis the mass media and our policy on the minorities issue. But my impression from these talks is that, with regard to the minorities issue, our partners' understanding and willingness to accept our stances are gradually improving. [passage omitted] [end recording]

Many Do Not Favor Any Political Party

AU0810134893 Prague CTK in English 1543 GMT 6 Oct 93

[Text] Bratislava, Oct 5 (CTK)—Forty-five percent of Slovakia's adult population do not favor any political party, a regular survey by the Slovak Statistical Office conducted in early September revealed.

Voting Preferences Between May and September (in percent)

	May	July	August	September
No preference	34	37	40	45
Movement for a Democratic Slovakia	17	18	18	15
Party of Democratic Left	14	11	14	12
Slovak National Party	9	11	8	7
Christian Democratic Party	8	8	7	7
Hungarian Christian Democratic Movement	5	5	4	4
Green Party	-	-	4	3
Christian Social Union	-	-	4	-
Slovak Social Democratic Party	-	-	2	2

The September sample was 1,262 people over 15 years.

Latest Figures on Crime Levels Reported

AU1210152693 Bratislava PRAVDA in Slovak 8 Oct 93 p 3

[Report by "(po)": "Hundreds of Millions of Korunas Worth of Damage to the Economy"]

[Text] Bratislava—Criminal tendencies of children and young people in 1993 was the main subject of a press briefing held yesterday by Colonel Dr. Jaroslav Ivor, director of the Interior Ministry Police Force Office of Investigations, and his colleagues.

The director said that during the first nine months of the year 98 murders were committed; 70 have been solved. There were 13 more murders than during the same period last year. There were 1,037 cases involving robbery with violence; 556 have been cleared up. Some 147 women were raped (42 fewer than last year); 124 cases have been cleared up. Burglary is traditionally the most common crime. During the first nine months of the year, 32,836 burglaries were committed; 7,394 have been solved. On a month to month basis, burglaries account for the largest increase in crime—by 11,378 cases compared with last year, that is, by 53 percent. The damage caused by burglaries has almost doubled. It amounted to almost 727 million korunas [Sk]!

The trend in economic crime is also negative. Some 52 people are being prosecuted for crimes associated with privatization, while 125 people are being prosecuted for tax evasion. The loss to the state from this crime alone amounts to a further Sk726,502,000. The huge increase in crime involving fraudulent purchases has continued—investigators have recorded 1,209 cases this year with losses amounting to Sk657,543,000. The police uncovered 3,387 cases involving forging or altering banknotes. Some 92 people face prosecution for this.

Colonel Ivor considers the rising criminal activity among young people to be particularly serious. While 7.3 percent of the crimes committed in 1989 involved children under the age of 15, this figure had gone up to 8.5 percent in the first half of 1993. This figure was 7.9 percent for the 15- to 18-year-old age group in 1989, while it was 12 percent in the first half of 1993. The crimes involved cover the whole gamut of the Criminal Code, including the most serious crimes. Every fifth culprit in Slovakia is under the age of 18. During the first eight months of this year, two murders committed by juveniles and seven committed by youths had been dealt with by the offices of investigation. During this same period, children under the age of 15 committed 1,283 break-ins and 76 robberies; youths committed 1,596 break-ins and 197 robberies. However, the crime situation involving young people is also worse in the advanced European countries. Colonel Ivor expressed the view that it would be appropriate to consider lowering the age limit for criminal responsibility to 14, as is the case in Germany. In England and Wales this limit is 10 years, while young people between the ages of 10 and 17 are considered to be youths. The director of the Office of Investigations emphasized, however, that the campaign against youth crime cannot be just a matter of the Criminal Law and repression, but—first and foremost—of preventative instruction and the involvement of the family, school, and society in a broad program. Nevertheless, the representative of the Education Department—for example—did not attend the last National Council of the Slovak Republic session on crime prevention, although it supervises, among other things, instructional institutions for children and young people.

Finance Minister Presents 1994 Budget

LD1210212493 Budapest Kossuth Radio Network in Hungarian 0832 GMT 12 Oct 93

[Budget speech by Finance Minister Ivan Szabo to the National Assembly—live]

[Excerpts] [Passage omitted] It is an undoubted fact that the Hungarian economy did not enter a path of growth in 1993; on the other hand, the reduction in the rate of the GDP was very marked. Allow me to report that there is, however, a differentiation within the economy, because industry, including first and foremost the processing industry, this year showed a stable, prolonged growth. On the other hand, the agricultural branch has significantly underperformed, vis-a-vis expectations. All in all, the slowdown in the GDP is characterized by the fact that, while in 1991 the extent of the reduction was 12 percent and in 1992 it was 4.5 percent, this year we are expecting it to be between one and three percent.

Thus, the fact that this year's reduction did not turn into growth, is, to a decisive extent, the consequence of a large-scale reduction in exports. The basic reason for this, over and above external economic circumstances, is the transformation to the market economy itself. [passage omitted]

The extent of annual export reduction is aggravated by factors—that hopefully can be regarded as temporary—such as the strengthening of protectionism in the recession-hit states of the world, and, in the case of Hungary, we cannot consider as insignificant our losses connected with the United Nations embargo against Yugoslavia due to the loss of earnings from export and transit deliveries. Also, the extent of the extraordinary drought that afflicted the agricultural sector was not in harmony with our intentions and the latter's activity.

In respect of domestic demands and the elements of domestic consumption, consumption itself will decrease to a small extent, while stockpiling will not decrease. However, there is no sign of an upswing in this quarter.

From the point of view of balance, we must take into account that although the population's savings remain significant, they became less than in 1990 and 1991. Meanwhile, parallel with this, the state budget's need for resources is growing and this has restarted the rise in interest rates, thus making loans more expensive on the domestic financial market, and making it more difficult for entrepreneurs to expand.

In contrast to the previous three years, domestic savings do not fully cover the financing of the state housekeeping [allamhaztartas] deficit, therefore a $2-2.5 billion deficit will, it is expected, appear in the current balance of payments. Producer prices this year essentially grew to the previously estimated extent. At the same time, consumer prices have increased more than estimated due to the further effort that was made to level out the earlier depressed food economy prices, an effort that is being asserted despite the fact that supply has become restricted on account of the droughts.

The fact that the general turnover tax rates have already been altered twice this year also has a significant price-hiking effect. All in all, we can say that the consumer price index will, similarly to last year, be around 22-23 percent.

Taking all these things into account, when formulating the 1994 economic policy, the government was considering these main aims: It wanted to ensure the external and internal balance, to strengthen the economy's ability to adjust, to create the conditions for the start of growth, and to endeavor to further reduce inflation. Among these main aims we consider the creation of conditions of growth as the strategic one, but in this case the considerations regarding inflation and balance are equal in rank with the strategic aim. The government focuses on these main aims, i.e. the creation of economic and operational conditions for the economy to adopt efficiently and attempts to promote efficient employment, to ease the burden of unemployment. [passage omitted]

Losing sight of balance requirements would prevent the possibility of growth. In the short-term, this could happen as a result of state house-keeping squeezing out others from the money markets, and in the long-term because of the resumption in growth of indebtedness. On the other hand, external balance requirements do not mean that there can be no deficit in the balance of payments—the emphasis is rather on its size. In our judgment, as long as the deficit does not exceed the value of the operational capital's inflow, the deficit in the balance of payments is definitely necessary, because it is in this way that we can bring in foreign financial resources to commence economic growth. [passage omitted]

The net debt may therefore grow only in proportion to the real growth of export and the GDP.

Moving a step ahead, it must be seen that foreign balance of payment problems are not caused by overheating domestic demands but, overwhelmingly, by the fact that exports have declined. Therefore, in the administration's view, the task is not to hold back domestic demand but to promote the expansion of profitable exports and related efficient investment. The government wishes to back this up by perfecting and improving the institutions and systems of export financing, guarantee undertakings, credit extension, the concentration of subsidies available for this purpose, and wide-ranging economic diplomatic measures that firmly back up our behavior abroad.

However, on this point the government's economic policy has run into an unexpected obstacle. For in the course of the implementation of these measures, the currency committee [jegybank tanacs] of the Hungarian National Bank [HNB] came to a different conclusion. It judged the situation differently when assessing the various phenomena. The HNB, from the large volume deficit of the current balance of payment, drew the

conclusion that it is runaway domestic consumption [felhasznalas] exclusive of consumption by the consumer, runaway consumption by the population and runaway investment that causes the problems. Therefore, at the end of September the HNB increased by a large measure its interest rates, thus breaking with previous tendencies in interest rate reduction.

In our judgment this increases the state house-keeping's interest payment obligations and deficit and forces the budget to step into the money markets with even bigger financing needs. We do not see the possibility of economic growth next year in this HNB endeavor to achieve balance. Therefore the administration, through its contact with the HNB leadership, tries to find, as soon as possible, a quick and rational method to correct the excessive rise in interest rates. The fact that the government, in the given circumstances has submitted an austerity budget for 1994—i.e. it has proposed the reduction, calculated in terms of the GDP, of the deficit and the moderation of the state house-keeping's share in the money market—this signals our unambiguous striving for the coordination of balancing and growth targets. [passage omitted]

The government, despite the current difficult circumstances, proposes that company tax should be reduced to 36 percent, the extension of tax allowances in a certain group of enterprises, the expansion of hastened and tax exempt amortization. [passage omitted]

The government wishes to help enterprises that are struggling, but operating viably, to get back on their feet. [passage omitted]

Naturally, in the meantime, both for the banks and enterprises, we have to set efficiency demands that are unequivocal and for which they can be called to account. On the other hand, difficulties also have to be faced, insofar as the value of the bonds needed for the consolidation of the financial institutions, values indicated by the banks on the basis of their present-day prognosis, exceed the values likewise indicated by the banks at the time of the elaboration of the budget bill.

I would also like to add that the bank's credit consolidation will incidentally open up the possibility for us to dictate a bigger schedule in the course of bank privatization, since by means of a return to capital [ujratoekesites], we intend to raise the bank's capital [word indistinct] indicator to a level that will make it possible for effective, and not low-grade bank investors, to come to Hungary.

The government wishes to moderate the unjustified losses, to help improvement processes, also through other measures connected with procedures, beyond the amendment of the law regulating bankruptcy and liquidation procedures. Such, for example, is the introduction of the concessional financial scheme, or the wage guarantee fund.

As a priority, the government wants to deal with branches of agriculture that have been afflicted by the large-scale narrowing of the market and serious drought damage. Here we must create unequivocal conditions mainly for the transformation of economic management conditions, by enacting the land law, by creating economic and legal conditions for mortgage, the institution for providing land credits, etc. [passage omitted]

We will have to revalue the earlier prognosis we submitted to the National Assembly, assuming that the outlined government measures are realized, on account of the demand-constricting consequences of the issuing bank raising its interest rates in September.

Consumption, owing to an expected increase of savings, will probably decrease or stagnate at this year's level. Entrepreneurs will probably curb their investments, owing to higher interest rates of credits and, on the other hand, the fact that putting their liquid assets into savings involves less risk for them. As a result, alongside such a low level of domestic demand we do not expect an increase in the GDP next year. However, the deficit of the current balance of payments will be approximately $1.5 billion less than it was this year.

The possibility of a further significant reduction in inflation is restricted by the effects of this year's high prices spreading over to next year; the reduction of the gap between relative prices of agricultural and industrial products, easing the burden on agriculture, and marketing the services hitherto financed by the state.

The government is striving to curb inflation by promoting competition and by carefully phasing central price measures. We judge the possibility of curbing inflation in a more modest way than at the time of the submission of the 1994 budget bill [in written form at the end of June 1993].

There is no reason for departing from our earlier prediction of 11-13 percent in the case of producers' prices. However, we envisage a 16-22 percent band, wider than given earlier, for the average retail price increase. We still consider the lower limit a realistic estimate, since the larger than indicated pressure of producers' prices on costs cannot be expected. Exchange rate changes implemented this year will maintain an advantageous profitability of exports for a longer period. In our view, therefore, there is a need for trying to keep the lower limit of price increases in monetary policy: in modifying exchange rates and in the course of wage negotiations.

The government is asking its partners in the interest coordination process [organizations representing employees and employers] for concluding agreements on moderate wage increases that are in accordance with this point, with a reducing rate of inflation. Prices will be shifted toward the upper limit of the prediction if the increase in world market prices are higher than expected or expectations related to the devaluation of the forint are built in the wage and price mechanism.

Significant changes have taken place since the submission of the 1994 budget bill at the end of June. First and foremost, I have to give an account for the fact that now, contrary to the earlier submitted 1994 budget bill, I propose that the Law on Public Employees, including the introduction of the minimum wage of 8,000 forints [Ft] per month, be implemented on 1 January 1994. [applause] Talks with the strike committee and the [word indistinct] have convinced me that this step cannot be postponed to 1995. [passage omitted]

I have to point out right now that these expenditures will, altogether, amount to a net sum of Ft16-18 billion of the budget reserves of Ft38.3 billion. According to the Law on State Finances, one percent of budget expenditure, that is Ft15 billion, has to be earmarked for general reserves. Therefore Ft6 billion is left from the submitted reserves. This amount has to provide a cover for uncertain revenues.

Although we had to face serious problems in the above matter too, I have to say that economic, and particularly monetary processes, imply even more tension.

I must inform the esteemed house that as a result of expenditure increases the effect of the above-mentioned interest rate rises, also taking into account the bank loan consolidation that has been brought forward, and the fact that this year we will fully implement the profile rationalization of the social insurance funds, the state budget deficit will be Ft100 billion more than the originally submitted Ft249 billion. Of this, the rationalization profile of the social insurance funds costs Ft42 billion. [passage omitted]

The central budget cannot accept additional burdens after the profile rationalization, and obviously it is unable to pay for the deficit of social insurance with the issue of state bonds. [passage omitted]

In 1993 we spent Ft377 billion on social welfare provisions, both in money and in kind. This sum refers to provisions financed other than social insurance funds. In 1994 we envisage this sum to be Ft396 billion. [passage omitted]

An increasing number of jobless people who are no longer entitled to unemployment benefits receive supplementary benefits for the unemployed, an allowance for the provision of which is laid down in the social welfare law. We therefore had to envisage a Ft5.5 billion higher expenditure for this than in the already submitted budget. [passage omitted] Ten percent of the budget's total revenues is sacrificed for the unemployed while there are no resources for our neglected playgrounds, parks, roads, and institutions. This brings into the forefront the soonest possible expansion of compulsory community work for the unemployed. [applause] Please, think about it.

The state debt is significantly increasing toward Ft2.8 trillion by the end of 1993. [passage omitted] Such a large growth in the domestic state debt—by a round sum of Ft890 billion—appears almost automatically as a result of the devaluation in the forint, i.e. without a forint having been spent. [passage omitted]

The agricultural sector features among the areas that are singled out for development. The means provided by the draft budget law are suitable to moderate or stop the negative tendencies of production, to provide incentives for the measures aimed at halting the decrease in agricultural exports and through the preference of domestic demand, so that we should improve job retention and employment chances of those working in the agriculture sector and should help the normalization of the profitability of the farming economy thus improving the mood of producers and providing incentives for sawing lands that are standing idle.

In order to achieve these aims the 1994 budget envisages a Ft10 billion larger subsidy for the agricultural sector and the government also decided to suspend land tax for 1994. [passage omitted]

We would also like to stress that the 1994 budget allocates an unprecedentedly high sum for infrastructural development. It is 80 percent higher than in 1993. Railways will get larger support, several transport projects will receive new finance, the hospital reconstruction program will continue, and more money will be available for information dissemination by the administration. [passage omitted]

There are no extra resources in 1994 for the support of central budget-financed organizations. The budget will be able to provide money, in a relatively prioritized fashion, for development in higher education, in the aforementioned agricultural sector, in housing, and in helping investment projects in general.

Just like in 1993, we do not see a possibility for envisaging wage and material cost automatisms [indexing wage overheads and maintenance expenses to inflation] and these institutions must be prepared for the growth of price levels to unfavorably affect the network of institutions. [passage omitted] Money available for development amounts to Ft12.6 billion, which is divided by the individual sectors. According to our intentions, higher education is where the possibility for a more serious move forward exists. The subsidy here will grow by 20 percent. [passage omitted]

The wages fund in budget-financed organizations, including the Defense Ministry and other armed bodies, will grow by Ft1.2 billion while the average staff level will decrease by 6,781 in comparison to 1993 budget estimates. [passage omitted]

I have to say something about budget relations of local governments in 1994. [passage omitted] Thus we will make it possible for them to meet certain tasks deriving from the social law, such as paying income support for the unemployed. [passage omitted]

In spite of the limited resources of the central budget, we will find a way to increase, though to a small extent, the allocation to be spent on specific supports, thereby making new projects possible. There will be greater support for local governments owing to the effect of this year's wage policy measures on the year 1994, too. As I referred to earlier, local governments will get an extra Ft10 billion. As it could be followed in the press too, compared to the submitted bill, the allocation for the support of local governments will be increased by Ft8.5 billion for the implementation of the wage increment system of the Law on Public Employees. [passage omitted] I am aware that in 1994 the local governments can only meet their increased tasks if they do their utmost to explore the local resources and to rationalize their operation.

Let me call your attention to some special changes in the tax laws. As for general turnover tax [AFA], in 1994 no measures will be taken concerning the tax system, it has been sorted out by the AFA measures of this year's supplementary budget, which came into effect in August. No tax rules will change in 1994 in the consumer tax system, either. Justified changes, first and foremost related to the inland revenue regulation, have been approved together with the law on inland revenue. Only a relatively moderate tax increase can be implemented in the case of luxury goods and fuels. Taking this into account, the bill proposes an average 10 percent tax increase on these two groups of products, and even this 10 percent rise would be differentiated, valorized.

Amending the law on income taxes, which represent more than a quarter of the budget income, will further support the budget bill. As I mentioned in my introduction, a 10 percent cut will be realized regarding the law on company tax, from 40 to 36 percent. Furthermore, those reinvesting the dividend, those producing exportable, modern, and environmentally friendly products, and those creating jobs, will receive further significant tax reductions. I hope that this intention will mean a significant change to enterprises and entrepreneurs that contribute to the implementation of important aims from the national economy's point of view.

Assuming a general wage increase, the tax burden on private individuals, even those with an annual income of Ft1 million, will decrease. In 1994 there will be two very significant changes regarding personal income tax: Although the so-called employees' allowance will cease, contribution to the pension fund will be removed from basic rate tax, the total saving for taxpayers will be some Ft30,000 million. Further, for 1994 we managed to carry out changes and band changes on the tax table, as a result of which the ceiling of the zero percent band will rise to Ft122,000, that is Ft110,000 with the deduction of the pension fund. It will result in such a tax reduction, which in the case of those on a Ft20,000 gross monthly income will mean an extra Ft1,000 income resulting from the tax rate change.

There was a great deal of misunderstanding when we announced that from Ft550,000 a 44 percent new tax rate would be introduced. I would like to say that there will indeed be a band rise from here, but tax burdens will only grow from Ft1 million and above, because the total of the tax content of the 1994 tax table will catch up with the 1993 table at Ft1 million. I sincerely wish everyone a tax increase due to exceeding the gross annual income of Ft1 million.

This is where I have to mention the issue of minimum tax among the amendments to the income regulations. I draw attention to two aspects. One is the fact that cost accounting necessary to the establishment of the amount of income cannot be regulated in details by normative law decrees due to the variety and complexity of activities. [passage omitted]

The budget calculates Ft58 billion of corporate tax and Ft228 billion of personal income tax for 1994 on the basis of the amendments to the Law on Income Tax and the planning and development of the real non-financial processes. [passage omitted]

Esteemed Mr. Speaker, esteemed house! I think that all these changes clearly reflect the government's ideas on the activities and growth of the economy in 1994 as well as the policies relating to its balance and inflation. Many may ask why we are to begin discussions on the original bill after I have outlined an extra amount of Ft100 billion compared to the submitted draft budget? Because these issues do not have a direct effect on the budget's government expenditure and income, they are partly technical, like the extra amount arising from the transformation to the profile of social insurance. As far as the increase in bank interest rates is concerned, it does not mean overspending, it is rather a numeric presentation of a fact caused by a decision of the Hungarian National Bank. I believe that these changes do not have an effect on the government's ideas on the economy, and economy management. I have to add that we will do whatever we can to return to the original plan, as far as the extra amount arising from the interest rate increase is concerned, and the government wishes to save this extra expenditure in the expenses column of the 1994 budget. [passage omitted]

Opposition Views Budget Bill

LD1210214693 Budapest Kossuth Radio Network in Hungarian 0832 GMT 12 Oct 93

[Text] [Announcer] Keynote speeches by the parties on the 1994 budget bill are currently on the agenda of the National Assembly. Andras Domany reports from the parliament.

[Domany] During the past hour the government's budget bill has mainly been criticized. Keynote speakers of the three opposition parties have all described the proposal as unfounded. In their view, it is based on incorrect figures and prognoses; too high revenues and too little

expenditures have been planned by the government. Opposition parties also criticized the lack of reform of state finances.

The Hungarian Socialist Party questioned the deficit, which is higher than the originally planned level by 58 billion forints [Ft], and raised the issue of its effects on inflation and foreign currency debts. The party also criticized the fact that the Russian military consignments imported in return for Russia's ruble debt to Hungary are not indicated in the budget.

Viktor Orban, keynote speaker of the Alliance of Young Democrats, said that, in their view, the Antall government has accumulated an internal debt which is equal to the external debt accumulated by the communists over 40 years. Therefore the internal and external interest payment will be Ft220 billion altogether. Viktor Orban also said that the only way out is to launch economic growth. If enterprises are stimulated, even a resulting increase in deficit will not be a mistake.

As a matter of fact, two speakers on behalf of government parties—Laszlo Sesztak of the Christian Democratic People's Party, who is currently speaking, and the spokesman of the 36-strong deputy group of the Independent Smallholders Party also— said similar things to some extent, since they also proposed to boost the economy and give further preferences to entrepreneurs. The Christian Democrats do not consider the proposal wrong from this point of view, while the spokesman of the Smallholders group expressed his dissatisfaction.

SLD, PSL Sign Governing Coalition Accord

LD1310115493 Warsaw Radio Warszawa Network in Polish 1135 GMT 13 Oct 93

[Excerpt] Ladies and gentlemen, over to the Sejm and Stanislawa Stec, our parliamentary reporter.

[Stec] Just a moment ago, Aleksander Kwasniewski announced that a coalition agreement between the Democratic Left Alliance [SLD] and the Polish Peasant Party [PSL] had been signed. The Union of Labor [UP] has withdrawn.

Aleksander Kwasniewski also announced that a letter would be sent to the president proposing one candidate for prime minister, Waldemar Pawlak. [passage omitted]

UP Rejects Coalition

LD1310113093 Warsaw TVP Television First Program Network in Polish 1100 GMT 13 Oct 93

[Relayed by TV Polonia Network]

[Text] The leaders of the Democratic Left Alliance [SLD] and the Polish Peasant Party [PSL] will sign a coalition agreement in an hour's time. The Union of Labor [UP] will not enter the government, as its presidium has decided the differences between the UP and the SLD over the issue of mass privatization were too significant.

During a vote at a meeting of the UP presidium, six of its members were in favor of entering the coalition and seven were against.

PSL Nominates Pawlak

LD1210220193 Warsaw Radio Warszawa Network in Polish 1700 GMT 12 Oct 93

[Text] The Polish Peasant Party [PSL] Supreme Council has supported the party's actions aimed at forming a coalition with the Democratic Left Alliance [SLD] and the Union of Labor [UP] and nominated the PSL's Chairman Waldemar Pawlak for the post of prime minister.

The adopted resolution was presented to journalists by Aleksander Luczak, the deputy chairman of the PSL Supreme Council.

[Begin Luczak recording] Having acquainted itself with documents "The Coalition Agreement" and "A Joint Statement From Talks Held by the PSL, SLD, and UP Economic Experts" the Supreme Council approves of the hitherto actions of the supreme authorities with regard to the formation of the government coalition with the SLD and the UP. The shape of that coalition is a result of the nation's will expressed in the parliamentary elections on 19 September 1993. The Supreme Council nominates the PSL Chairman Waldemar Pawlak to the post of chairman of the Council of Ministers.

The Supreme Council authorizes the Presidium of the Supreme Council and the Supreme Executive Committee to nominate the party's candidates for top state posts as well as for members of the Sejm and Senate Presidiums. If the coalition agreement is to be valid it has to be signed before the first sitting of the Sejm of the second term. The Supreme Council expresses its opposition to recent actions by the outgoing government that aim at a speedy selling out of the national wealth. [end recording]

Final Preparations for Coalition Accord Viewed

WS1210143093 Warsaw RZECZPOSPOLITA in Polish 12 Oct 93 pp 1, 2

[Report by Ewa K. Czaczkowska and Eliza Olczyk: "Speaker or Coalition; Alliance Submits Conditions"]

[Text] The Democratic Left Alliance [SLD] still has two candidates for the post of the Sejm speaker. On Wednesday [13 October], the SLD Deputies' Club will finally decide who will be their one candidate: Wlodzimierz Cimoszewicz or Jozef Oleksy.

On Tuesday, following the Chief Council sessions of the Social Democracy of the Polish Republic [SdRP] and the Polish Peasant Party [PSL], leaders of the three parties will hold a meeting. It is possible that they will sign a coalition agreement. Experts suggest that the Office of State Protection [UOP] will no longer be under the control of the Ministry of Internal Affairs [MSW]; they believe that it should be subordinated directly to the prime minister.

Members of the National Election Committee [KKW] of SLD stated on Monday that their candidates for the position of Sejm speaker are Wlodzimierz Cimoszewicz and Jozef Oleksy. A final decision will be reached on Wednesday by the SLD Deputies' Club. KKW states that if PSL rejects the division—prime minister from PSL and speaker from SLD—it will be equal to breaching the coalition agreement.

"The election of an SLD Sejm speaker is a condition for forming the coalition," said Zbigniew Siemiatkowski, following the KKW session. He added that when the various governmental positions are filled, SLD will prefer the candidates' competence to the rule of party parity, because the success or failure of the future government will depend on the expertise of its members.

SLD also wants to have influence on the following ministries: town and country planning, industry, ownership transformations, the Office of the Council of Ministers, finances, foreign economic cooperation, agriculture, and transport and communication, which does not mean that it wants to fill all these ministerial posts with its own ministers.

KKW members also recalled SLD's preelection promises to senior citizens, disabled pensioners, and employees of

the budget sector. Decisions on these matters are supposed to be made after work begins on the 1994 budget. Within the next two years, SLD intends to gradually introduce full valorization of social benefits for these groups.

The KKW members also stated that the coalition agreement must be signed. However, it is still uncertain when this will be done.

Jozef Oleksy supposes that the three parties' leaders will sign it on Tuesday, after the sessions of PSL and SdRP Chief Councils, as well as the National Council of the Union of Labor [UP], all of which are supposed to reach a final decision concerning the formation of a coalition. This is at least what the politicians of the three parties promised last week. The council of SdRP will certainly grant its consent. After the Monday session of the UP Presidium, everything seems to indicate that the National Council will also approve the coalition agreement. This is even more likely because the SLD leaders are prepared to change their stand on the National Investment Fund—which UP demanded—if it becomes impossible to receive money for that from the European Bank of Reconstruction and Development. The decision of the PSL Chief Council is still the most difficult to forecast.

What Will the Council Say?

On Monday, the presidiums of NKW [expansion unknown] and the PSL Chief Council decided to recommend the coalition agreement to the Chief Council, which includes one provision that caused a lot of controversy within PSL. In line with the agreement, the posts of prime minister and Sejm speaker should be divided between the two parties, and the prime minister should be appointed by PSL. Discussion also included the possibility of introducing amendments into the draft agreement. PSL authorities would like the draft to be more specific; they would like to know which ministries will be controlled by which parties.

However, no one has been able to predict the results of the Tuesday talks. According to unofficial information, Jozef Zych is increasingly more certain that he stands a good chance of becoming Sejm speaker; he is said to be ready to fight, even when his candidacy is submitted by deputies during the Sejm session. According to the same sources, the function of the speaker is said to have been discussed by Jozef Zych at the Episcopate and the Belvedere. At the session of the PSL Chief Council there will certainly be a test of forces between two groups—supporters of Jozef Zych, who would like him to be the speaker and who would like to leave the post of the prime minister to SLD, and supporters of Pawlak, who would like him to be the prime minister and who would gladly leave the post of speaker to SLD. The former group increasingly argues that their solution would be better because in the future SLD may want to change its ally and replace PSL with the Democratic Union. The Chief Council will probably support Chairman Pawlak's policy. The possibility cannot be excluded, however, that the concept of a free-for-all will return. There are opinions within PSL circles that SLD would "reluctantly agree" to even a PSL speaker; the thing is, this would be a serious clash at the very beginning of the coalition. On Tuesday, another meeting between Aleksander Kwasniewski and Waldemar Pawlak was held; they probably discussed this matter.

UOP for Prime Minister

SLD, PSL, and UP experts approved on Monday the results of the work of two teams that discussed foreign policy and internal security. The participants decided that it would be better if UOP, which has so far been under the minister of internal affairs, were directly subordinated to the prime minister and if the parliament controlled the activities of special services. Introducing parliamentary control in this area entails setting up a Sejm committee for internal security. Jerzy Wiatr, SLD expert and deputy, when asked whether this change aims to remove UOP from presidential control, answered: "Nothing that we discussed was directed against the constitutional rights of the president."

The committee emphasized that the method of appointing the heads of MSW, Ministry of National Defense, and Ministry of Foreign Affairs should be in line with the Little Constitution; that is, it should be done after consultation with the president. Subordinating UOP to the prime minister would call for an amendment to the law on MSW and UOP. The experts also supported a more determined fight against "corruption, economic crime, as well as other forms of organized crime." To achieve that, they proposed a reform of prosecutors' offices and the police. The team of experts also accepted the results of the Saturday talks of the team for foreign policy, which agreed that Poland should join NATO as soon as possible.

Late in the evening, the SIS news agency, quoting a UP representative, said that the UP National Council would not make a decision concerning the coalition agreement today.

SLD Spokesman on High-Level Posts, Coalition

WS1310100093 Warsaw Radio Zet in Polish 0719 GMT 13 Oct 93

[Interview with SLD Press Spokesman Zbigniew Siemiatkowski by Krzysztof Skowronski at the Radio Zet studio in Warsaw on the "Guest of Radio Zet" program—live]

[Text] [Skowronski] Will the president be presented with the names of three candidates for prime minister?

[Siemiatkowski] Ladies and Gentlemen, we think that the president's stubbornness is unjustified in this case. In a situation where there is a coalition comprising three parties—the Polish Peasant Party [PSL], the Union of Labor [UP], and the Democratic Left Alliance [SLD]—

and when this coalition puts forward an agreed-upon candidate—PSL Chairman Pawlak—then in that case it would be irresponsible to look for counter-candidates at any cost, and this is even more so because all the constitutional provisions on this issue favor our position.

[Skowronski] So that means the president is not going to receive the names of three candidates?

[Siemiatkowski] At this point, we are convinced there is no need for that.

[Skowronski] How long can this situation continue, I mean a situation where the president insists, and the coalition refuses, to present the names?

[Siemiatkowski] Basically, the next move is up to the president now. He can put forward his own candidate, and if the candidate fails to create a majority within 14 days from his designation by the president, then of course he has to offer his resignation to the president, and then the next move is up to the Sejm, which can put forward its own candidate without the president's consent, and that candidate will enjoy a majority.

[Skowronski] Will the minister receive, I mean will the president succeed in getting his three ministries?

[Siemiatkowski] On this point, at least SLD has been consistently saying that constitutional provisions must be observed, according to which the president has the possibility of directing, through his ministers, foreign policy and the country's internal security.

[Skowronski] So that means the president will have free reign in choosing anybody he wishes for these three posts?

[Siemiatkowski] I think the president should also care about the people being chosen by him being approved by the coalition, and, most importantly, by the prime minister who will be working with the ministers in government.

[Skowronski] Why does the coalition want the State Protection Office [UOP] subordinated to the prime minister?

[Siemiatkowski] That is a position taken the experts [of the three parties]. Let me remind you that this is not a new idea, it was debated upon by the Sejm of the previous term of office. There was an idea, which as far as I remember, Minister Milczanowski supported back then. He said that the structure and position of the Internal Affairs Ministry [MSW] is rather archaic given the current structure of our democratic state. That is why he suggested to reform MSW which, among other things, included the removal of UOP from the MSW structure.

[Skowronski] But the president also disapproves of that? Is that the beginning of a fight with the president?

[Siemiatkowski] It is not the intention of this coalition which is being formed, or of SLD, to initiate conflicts with the president. I think we are willing to come to a very wise compromise with the president, there is a such a possibility, through agreements, dialogue, and mutual compromises.

[Skowronski] What would such a compromise be about?

[Siemiatkowski] It would be about coming to an agreement on all strategic decisions which are constitutionally entrusted to the president; it should be made after mutual agreements, and that applies to political as well as personnel decisions.

[Skowronski] What were the coalition partners debating until 0100 in the morning? Was it about posts?

[Siemiatkowski] It turns out that they were not yet debating specific posts. We were discussing certain principles which should form the coalition's basis. It turns out that differences in SLD's and UP's approaches to the privatization process continue to be a bone of contention. That is basically one of the main essential points where there is disagreement within the future coalition.

[Skowronski] Will UP join that coalition?

[Siemiatkowski] We continue to believe that a compromise will be found, and that UP will find its place in the coalition.

[Skowronski] What does the difference in the approach to privatization concern?

[Siemiatkowski] We insist on implementing the Law on National Investment Funds, which has already been enacted. We reject UP's opinion about so-called fixed amounts, as well as a test program [not further specified]. We think that the 360 companies which volunteered to take part in the National Investment Fund Program, should be allowed to implement it.

[Skowronski] Is there any other disagreement within the government coalition?

[Siemiatkowski] Yesterday, UP's suggestion to write down the criteria which should be met by candidates for the highest state posts, stirred up a lot of controversy. We simply called it by its own name, we said that UP's suggestion is a file-checking proposition.

[Skowronski] So that means it could happen that UP will not join the government?

[Siemiatkowski] There is a desire for UP to take part in the parliamentary coalition and possibly in the government coalition as well, expressed by UP and supported by their National Council. That could happen after certain conditions presented yesterday are met. Those conditions are the result of a discussion which will resume at 0830 this morning.

[Skowronski] When will the discussion end, and how will it end? Will there be a joint official statement? A press conference?

[Siemiatkowski] We want a coalition agreement to be concluded. We think that today is the final deadline, as far as SLD is concerned. When the Sejm resumes tomorrow, the agreement should be ready, and each party must know the terms on which it is joining the coalition, and they must also know the mutual obligations they will have toward the coalition partners.

[Skowronski] Are there no remaining differences between SLD and PSL?

[Siemiatkowski] Yesterday, PSL decided that it would agree on the distribution of the highest government posts; it decided that the prime minister of the new government will be a representative of PSL; SLD will have the right to fill the position of Sejm speaker. Therefore, there are no problems any more.

[Skowronski] Who will your party designate for that post: Jozef Oleksy or Wlodzimierz Cimoszewicz?

[Siemiatkowski] At 1100 today, the SLD Deputies' Club is convening its first session; it will decide who will be our representative for that post. There will be two candidates: Jozef Oleksy and Wlodzimierz Cimoszewicz. The club will decide by voting, in a democratic manner, who will be our official candidate.

[Skowronski] Which party will control which ministries?

[Siemiatkowski] Yesterday, our intentions became closer. Generally speaking, the government is divided into political, social, and economic parts. SLD believes that since this government must be successful....[Siemiatkowski pauses] This is the only possibility for us. The implementation of economic policy will be very important. Such are the social expectations and therefore, we would like to exert considerable influence on the economic ministries.

[Skowronski] However, one ministry may be taken over by the peasants?

[Siemiatkowski] We have not talked about that yet. We only confirmed our readiness to take on responsibility for the economic part of government.

[Skowronski] Who will head the Office of the Council of Ministers? Has this been decided yet?

[Siemiatkowski] We have not discussed this yet. I believe that this subject must be mentioned today, before initialing the coalition agreement. Yesterday we only agreed on a certain mechanism for appointing cabinet members. We decided that the opinions of the three leaders of the coalition parties will be decisive here. The appointments will depend on the decision of the three leaders.

[Skowronski] That means that the three leaders must agree on each candidate?

[Siemiatkowski] Yes, that's right.

[Skowronski] However, will this not make the situation more difficult?

[Siemiatkowski] It will certainly guarantee that the person that has been approved by the three leaders will be backed by the entire coalition.

[Skowronski] Will prospective ministers be questioned by parliamentary committees?

[Siemiatkowski] The Constitution does not require that.

[Skowronski] It was agreed that there must be a referendum before a new constitution is adopted.

[Siemiatkowski] Yes, that was one of the UP proposals. SLD agrees to this proposal. It is worth recalling that when we discussed the law on the manner of the adoption of a constitution, there was a UP proposal on the motions of the minority; the proposal concerned a preconstitutional referendum. SLD deputies backed up this initiative. Today we are merely consistent.

[Skowronski] We can say, therefore, that we already have the government.

[Siemiatkowski] I would like to say that we already have the government. As a matter of fact, whether or not the government will be formed depends on whether the coalition agreement will be signed today. We still believe that such an agreement is possible, because the discussions that have been going on for the last few weeks showed that there are no substantive obstacles that would make such a coalition impossible.

[Skowronski] Except privatization.

[Siemiatkowski] Privatization is an element that we happen to differ about. However, we proposed a solution to this problem yesterday: a technical break that UP asked for. The party should devote that time to familiarizing itself with this compromise solution concerning the National Investment Funds.

[Skowronski] You said that this new government must be successful. What will be the success of such a government?

[Siemiatkowski] The government will be successful if it manages to keep the preelection promises of the government coalition parties; that is, if it manages to bring about an economic recovery as well as to place the stress more equally on social policy.

[Skowronski] Does the coalition intend to make other changes, such as changes in television? People have started discussing this already.

[Siemiatkowski] We are certainly not discussing this in the coalition talks. As far as SLD is concerned, the

National Election Committee decided that changes in the National Bank of Poland and Supreme Chamber of Control should not be discussed.

[Skowronski] Do you know that Self-Defense and Andrzej Lepper support the government formed by Waldemar Pawlak?

[Siemiatkowski] No, I do not know anything about that yet.

[Skowronski] Thank you for the interview.

[Siemiatkowski] Thank you.

SLD's Miller on High Posts, Economy, Walesa

WS0810110093 Warsaw Radio Zet in Polish 0715 GMT 8 Oct 93

[Interview with Leszek Miller, deputy chairman of Social Democracy of the Polish Republic, a Democratic Left Alliance component, by Krzysztof Skowronski at the Radio Zet studio in Warsaw on the "Guest of Radio Zet" program—live]

[Text] [Skowronski] Will Wlodzimierz Cimoszewicz be the next Sejm speaker?

[Miller] Good morning, Ladies and Gentlemen. I cannot answer that question because many issues are still unresolved, but since you asked me about a certain composition—that is my understanding—then all I can do is to confirm that there is a strong conviction among Democratic Left Alliance [SLD] rank-and-files, that if—as a result of a coalition agreement—we were to abandon designating an SLD representative for the prime minister's post, then in that case we should designate our representative for the post of Sejm speaker.

[Skowronski] But is it the case that if Wlodzimierz Cimoszewicz does not take the post of Sejm speaker, then Waldemar Pawlak will not take the post of prime minister? Can one draw such conclusions?

[Miller] That would be a premature conclusion because priorities concerning party programs are the most important issue, and both we and the Polish Peasant Party [PSL] refuse to convey an image to our electorate of people who are first of all after posts. The reason we were elected to the Sejm, was to implement major modifications in the program of economic transformations and in social policy, and that is the primary priority.

[Skowronski] What kind of modifications will these be?

[Miller] I think at this point, it is worth returning to the question: Why did we have the elections in the first place, and did we want them?

[Skowronski] So let us go back then.

[Miller] Let me emphasize that SLD, that is SLD's parliamentary club of the Sejm's previous term of office, spoke in favor of early elections, because we were of the opinion that we needed a different parliamentary composition, which would create an opportunity for a center-leftist government to emerge. And that government would then be able to begin implementing a different economic and social policy, while maintaining everything that is positive and has stood its tests, while at the same time introducing indispensable modifications, in accordance with the principle of introducing changes while continuing the old ways.

[Skowronski] So what has stood its test?

[Miller] I think that the road to a market economy is what is a success, generally speaking. We have seen the first positive results of this: a strong currency—even though it could, of course, be stronger— we have a convertibility of the zloty, more goods in stores—that is easily visible even at first sight— we also have an openness to the world—all these are things which must be protected and they must not be wasted.

[Skowronski] Up to now, you sound like a real liberal. And now? What needs to be changed?

[Miller] I do not sound like a real liberal, but I sound like someone who has his eyes and ears wide open. I want to emphasize again that just as I believe that it is deeply unjust to express the opinion that everything that happened in the past 45 years is just ruins and deserts, and that everything was bad—that opinion is wrong—by the same token, you cannot say that the last four years has been nothing but ruins and deserts. Pragmatic people—and I would like to be regarded as one—must simply perceive the world that surrounds us in its entire complexity, and they must try to continue everything that is a success, while introducing corrections in those parts which have failed.

[Skowronski] What needs to be changed? What failed?

[Miller] I think that as far as social policy is concerned, it should finally be recognized that expenditures in that area are not just about throwing money into some bottomless pit, but that these expenditures are investments in an infrastructure without which permanent development is not possible. I think that our main difference with the current government—or with previous governments—is in that they regarded financial expenditures for combating unemployment, for the budget sector, for education, for health protection, they regarded them as, you know, expenditures that must be carried out, but they felt that it would be much better if the state were free of that burden. Now, we believe that investing in that infrastructure always results in major economic benefits, and other kinds of benefits, in the long-term. That was about the area of social policy. Now, as far as economy is concerned—well, we said on many occasions that from our [SLD's] perspective, the biggest enemy which is currently devouring the Polish economy, is recession. So we must reorient economic instruments in such a way that all efforts are directed at limiting the extent of this fall in production which is merciless for the economy. And with that as a starting point, so to speak,

one must then slightly change the current approach to the issue of budget deficit, and also to the issue of ownership transformations, and so forth.

[Skowronski] All that sounds very nice, but how does one go about accomplishing it?

[Miller] That is exactly what is being debated by the experts, who I hope will finish their work today, in the sense that they will be able to submit an agreed-upon document to political leaders—that is to say to the leaders of the three parties [SLD, PSL, and the Union of Labor]. And you know, I am not authorized to quote from the document here, because this is what we decided yesterday, namely that the document does not exist for all practical purposes, until the political leaders make a final acceptance. But I can assure both you here and you, the listeners, that there are many specific solutions contained in those documents, which answer your question.

[Skowronski] Is it easy to be in power in Poland?

[Miller] I think it is difficult. The issue of being in power is a complicated issue generally speaking, but I contend with satisfaction that these democratic processes on which ruling should be based, they have been solidifying, as it were, they are becoming stronger. Take for instance citizen participation in elections, which has been on the increase. Let us remember that the turnout during these most recent elections was much higher than in the previous ones, that all kinds of government agencies are performing better and better—this applies both to state government, and self-government. All this creates a hope that when answering the question of whether it is easy to be in power, one will have to answer that it is still hard, but the processes are more rational these days.

[Skowronski] What you just mentioned are achievements by the government of Mrs. Hanna Suchocka?

[Miller] They are not just the government's achievements, because when it comes to self-government, for instance, it becomes an issue of a civic behavior by citizens. I think that the authorities, both the legislative and the executive authorities, must simply create conditions for an efficient and rational governing, as well as for citizens' participation in the process. But then, the activity of citizens themselves in the process—that is an open issue.

[Skowronski] Is SLD in favor of the powiaty [small administrative districts] reform?

[Miller] We think that new solutions should definitely be sought, and that one must think about an extensive modernization of the state administration in that regard. But there is always the question of timing. I think that the comprehensive reform that we are talking about here is possible only in a situation of a stable country, I mean in the conditions of a stable economy and of stable state authority. My impression is that we are dealing with neither of those, currently. Therefore, one must conduct studio work [not further specified], one must be ready for that, one must reach a social consensus on this, but the timing of these decisions must be appropriate.

[Skowronski] What is a stable authority?

[Miller] It is a government which, for instance, is not in power for six to eight months, but one which has opportunities to carry out its mission for the whole period of the Sejm's term of office. I hope this is exactly the kind of government which will be formed soon.

[Skowronski] Will Waldemar Pawlak be the prime minister of such a government?

[Miller] I do not know whether it is going to be him.

[Skowronski] But what do you predict?

[Miller] There are some signs, so to speak, that Mr. Pawlak's chances are big, but it is all up to the remaining members of the coalition. We are also waiting for the president to speak out on this issue, and lastly, we are waiting to see what the parliament's position will be.

[Skowronski] Would SLD be responsible for the economy in such a government?

[Miller] This also depends on coalition agreements. However, we pointed out in our program that we believe that the issue of economic transformations is a precondition for progress in all other areas. Therefore, it is obvious that we would like to have some influence on what is happening in the economy.

[Skowronski] Who would be responsible for environmental protection? Can you reveal this to us?

[Miller] Well, you are pressing me, but I will defend myself. I will simply not say anything on this topic, because I am not authorized to talk about specific personnel matters.

[Skowronski] Are the coalition's conditions so tough? Would they not allow any leaks?

[Miller] I must tell you that each time when we start reading some papers, especially GAZETA WYBORCZA or ZYCIE WARSZAWY, we find new sensational news. Therefore, my colleagues and I, when we see journalists, we feel like shutting our mouths and not saying anything....

[Skowronski, interrupting] But not to journalists?

[Miller] No, no. What I mean is that some papers tend to describe this situation differently from the way we are presenting it; or, not as precisely as we are presenting it. I do not know; perhaps they are using their imagination.

[Skowronski] Do those journalists have vivid imaginations?

[Miller] Oh, yes, they do.

[Skowronski] Has SLD not gotten in touch with the president?

[Miller] No, not yet, except that we sent a letter to the president; it was for his birthday. However, this was the only time we contacted him.

[Skowronski] Is the coalition going to let the president keep what is presidential? That is, is Mr. Milczanowski going to be minister of internal affairs?

[Miller] We are not going to get involved in a conflict with the president over this vital issue. However, we are also not going to do anything contrary to the Little Constitution. The Little Constitution clearly defines the prerogatives of the president and the prerogatives of the prime minister in this area. I reiterate that we do not want any conflicts with the president; we believe that the president is so important in the democratic system that it would not be good if such a conflict flared up. Well, we will simply obey the Constitution.

[Skowronski] Is Milczanowski a good minister of internal affairs?

[Miller] I do not know that. If you want to hear more precise opinions, then I suggest that you invite someone from the Committee of Administration and Internal Affairs of the previous Sejm. I believe that those people would have more information on this subject.

[Skowronski] When are all the cards going to be dealt? When is everything going to be clear? In how many days are we going to find out who will be prime minister, deputy prime minister, and so on, in Poland?

[Miller] I believe that a lot may be decided today. If it turned out that the three party leaders agreed that the prepared document should become the foundation for further coalition talks, then this day would be a breakthrough in this sense.

[Skowronski] Is there a division into hardliners and liberals within SLD?

[Miller] The press likes writing about this division. I have read in today's GAZETA WYBORCZA, once again, such an article. Well, as a matter of fact, I must tell you that I simply wonder why such intelligent people cannot free themselves of certain stereotypes; for example, I am presented, as usual, as the one who devours small children, shows his teeth, and so on and so forth. Now, take a look at me and tell me: Do I really look that terrible?

[Skowronski] However, is there really not at least one communist in the SLD Deputies' Club? At least one red man in the SLD Deputies' Club?

[Miller] I think that the divisions that will come to light in the SLD Deputies' Club.... [Miller pauses] Please note that there are more than 170 deputies there. I believe that those divisions will show in a different pattern than, for example, the one suggested by GAZETA WYBORCZA. Now, there are bound to be differences, because this will be a large group of people who also have their own views. These differences will be, for example, over the extent of state interventionism in the economy, the position of trade unions in the economy, method of further privatization. The divisions will be over these issues. It is difficult to say exactly what the divisions will be like; however, they will certainly be different from the divisions suggested by some papers.

[Skowronski] And this is the difference between Aleksander Kwasniewski and Ewa Spychalska?

[Miller] Aleksander Kwasniewski is the leader of a political party; Ewa Spychalska is the leader of a trade union. Such people will always differ from each other....

[Skowronski, interrupting] Do you expect any conflicts?

[Miller] No, I do not. However, I do expect a difference of opinions in such areas as the social policy or the state's economic strategy. Yes, I expect such differences.

[Skowronski] Are we going to have a new constitution in Poland very soon?

[Miller] We would like the new parliament to pass it as soon as possible, because such a step would pave the way for the entire legislative process. At any rate, our party will definitely want to treat this as a priority.

[Skowronski] However, is the new constitution not going to restrict the presidential powers?

[Miller] I do not think it is. We have already submitted our constitution bill....

[Skowronski, interrupting] The president was building the left pillar.

[Miller] Well, you know, the president often said that he was building the left pillar....

[Skowronski, interrupting] He was trying to help.

[Miller] Yes, but the things that the president has been saying about us.... [Miller changes thought] It is worth recalling that, when the Social Democracy of the Polish Republic was being formed, the president predicted that we would only survive for three months. I must say that the president has real problems with those pillars. As far as the left pillar is concerned, we have confirmed our self-reliance; however, the right pillar gives the impression of being quite rotten. However, let us leave this problem aside. The bill on the new constitution, which we submitted in the previous Sejm, states clearly what model of state we would like to build. It certainly reserves a certain role for the president; it reserves certain prerogatives for him. Of course, perhaps from the point of view of the president, the constitution should give him as many powers as possible. However, this is still open to discussion.

[Skowronski] How did you receive the events in Moscow?

[Miller] I received them with pain. I must say that if we compare them to the events in Poland, it becomes clear that Polish politicians were able to settle such a crisis very rationally. You know, we are often asked whose side we are on. I am personally on the side of all those who unnecessarily die there. These deaths are unnecessary. Those people are dying because of politicians' mistakes and because of their blindness. This is no reason to die. Now, I remember that we were in a very similar situation not long ago. We had a democratic president, who was elected by the people in general elections, and we had a contract Sejm, which caused some reservations. Please note that it occurred to nobody that this conflict between the Sejm and the president should be settled in the way in was done in Moscow.

[Skowronski] This means that we can already adjust our ties and go to Europe? We are a civilized country?

[Miller] We hope that our neighbors will also manage to settle their conflict in a democratic manner, because this is the only way to solve social problems. However, we must avoid this megalomania and avoid saying that we are already a civilized country whereas others are not. We should simply not forget that each country and nation has its own special features.

[Skowronski] Thank you for the interview.

[Miller] Thank you very much.

Pawlak Leads Post-Election Popularity Poll

WS1210154893 Warsaw RZECZPOSPOLITA in Polish 9-10 Oct 93 p 2

[Report by E.O.: "Well-Known and Trustworthy"]

[Text] Waldemar Pawlak, candidate for the post of prime minister, enjoys the greatest trust among the people. In a poll conducted by the Public Opinion Research Center [CBOS] at the end of September among a representative sample of people, Mr. Pawlak outdistanced 27 other politicians. Prime Minister Hanna Suchocka occupied third position as far as trust is concerned; President Lech Walesa was seventh. The president, however, is the best-known politician.

According to CBOS, the people's knowledge of politicians is greater after the elections. Trust in many of them has also increased. Trust toward three politicians, in particular, increased the most: Aleksander Kwasniewski, Ryszard Bugaj, and Waldemar Pawlak; they are the leaders of the three parties that are currently trying to form a government coalition.

Waldemar Pawlak enjoys the trust of three-fourths of society; only 8 percent do not trust him, while 13 percent are indifferent; for 6 percent of respondents, Pawlak is an unknown politician.

Second place is occupied by Krzysztof Skubiszewski (unknown to 11 percent of respondents). The next three places are occupied by leaders of the Democratic Union: Hanna Suchocka, Tadeusz Mazowiecki, and Jacek Kuron.

Aleksander Kwasniewski, leader of the Democratic Left Alliance, is fifth (59 percent of the people trust him); however, compared to other politicians, he has became known to the largest number of people after the elections. The situation of Ryszard Bugaj, the third of the leaders, is not so good. Thirty-seven percent of respondents say that they trust him, 11 percent distrust him, and 20 percent are indifferent. Every third respondent does not know the Union of Labor leader at all.

Of the people surveyed, 44 percent trust Lech Walesa, 35 percent distrust him, and 19 percent are indifferent. Even though it is hard to believe, 1 percent of the people have never heard of Lech Walesa.

World Bank Ready To Cooperate With New Government

LD1210163193 Warsaw PAP in English 1314 GMT 12 Oct 93

[Text] Warsaw, Oct. 12—Representatives of the World Bank told the leadership of the Polish Peasant Party (PSL) on Tuesday that the bank did not intend to impose its programme but was ready for cooperation with a new government preparing its own programme and strategy, according to Deputy Chairman of the PSL Main Council Aleksander Luczak.

Vice-President of the World Bank Ernest Stern stressed that experiences of the bank in pursuing reform programmes or changes in various countries could be made available or adjusted to meet Polish needs.

According to Luczak, the World Bank does not attach such basic significance to ownership questions in Poland and is of the opinion that this can be solved in a specific way.

Luczak quoted the debaters as saying that everything what Poland achieved was very important and should be continued. They also pointed to specific situation in Poland that should be taken into account in mapping out the strategy of economic development.

Article Discusses Efforts To Join NATO

WS1310113193 Warsaw RZECZPOSPOLITA in Polish 12 Oct 93 pp 1, 21

[Report by Nathan Gurfinkel from Copenhagen and Krystyna Grzybowska from Bonn: "Do Not Tease Moscow"]

[Text] The main purpose of the Copenhagen session of the Parliamentary Assembly of NATO, held from 8 to 11 October, was to reform NATO. One of the most hotly debated topics was the issue of admitting new members,

especially Poland. This was caused both by the developments in Russia and by the self-contradictory Russian statements on Poland's integration with NATO.

The events in Moscow dampened the enthusiasm of many delegates of the Copenhagen session on the issue of broadening the pact. In many speeches the fear of antagonizing Russia was quite clear. The Danish Prime Minister Poul Nyrup Rasmussen implied that the East European states must wait for admission and that the security of the "16 states" is a priority. Already during the session, before the final documents were adopted, it became clear that the session of the Parliamentary Assembly would not ask that the agenda of the January summit meeting of NATO be supplemented with the issue of broadening the pact. Also according to two influential American senators, William Roth, a Republican from Delaware, and his colleague, Democrat Charlie Rose, member of the House of Representatives, the date of admission of new members is of secondary importance. Therefore, following in the footsteps of the European Communities, the delegates gave some thought to the idea of establishing the institution of associated membership, which would be the first step on the road to full membership. This idea, however, was not supported by many participants. Janusz Onyszkiewicz, chairman of the Polish delegation and minister of national defense, declared that the election results in Poland do not entail any change in the foreign policy. Also Poland's stand on integration with NATO will not be changed, said Onyszkiewicz.

Professor Longin Pastusiak presented the stance of the Democratic Left Alliance [SLD]; he declared that the government formed by the future coalition will maintain the direction of the Polish foreign and defense policies that have been pursued so far. SLD is interested in Poland's membership in a broadened pact that would maintain transatlantic ties.

As RZECZPOSPOLITA found out, Janusz Onyszkiewicz held talks with the Danish Defense Minister Hans Haekkerup, who will arrive in Warsaw on Sunday [17 October]. Onyszkiewicz assured the Danish minister that the forthcoming change of the government does not mean that Poland will take a different stand on Polish-Danish military cooperation. Haekkerup stated that he still plans to sign an agreement on military cooperation with Poland while he is in Warsaw.

Minister Onyszkiewicz evaluated the session from the Polish viewpoint; he told RZECZPOSPOLITA that it introduced certain new elements. So far the issue of broadening the pact has not impacted on any official stance of this forum. Now such a stand has been taken. It is not particularly satisfying for Poland because the proposals suggest that NATO be broadened by new states' joining the European structures. However, the very principle of broadening NATO has been defined, and it is included in the resolution. What is important is that the entire issue has not been closed. A working team has been set up, whose task it will be to file all options. This group will also consist of a few representatives of the East European states: Poland, Hungary, and Bulgaria.

Russia First of All

"The membership of the reformatory states of Eastern Europe in NATO will be possible in the distant future," said Chancellor Helmut Kohl in an interview for the private television SAT 1. "There is no convincing argument that these states should be admitted to NATO immediately."

The chancellor stated that the NATO summit meeting in Brussels will give a clear signal presenting the prospects of the membership of the East and Central European states in NATO. Until that time it will be possible to cooperate with them in the area of security; such cooperation would be based on association agreements. "No other country has done so much for Poland, the Czech Republic, Slovakia, and Hungary as we have. However, Germany must see to it that it does not lose the support of the West, or its political value will drop," said Kohl.

Speaking about its relation with Russia and Boris Yeltsin, the chancellor said that Russia is Germany's greatest and most powerful neighbor in the east and that it is necessary to develop extensive relations with it, also because of the great amounts of weapons that Russia has. "I do not know whether Yeltsin will survive; however, we must help him control the situation," said Kohl.

The German press has for some time been drawing attention to contrary statements by two ministers in Kohl's cabinet: Klaus Kinkel, minister of foreign affairs, and Volker Ruhe, minister of defense; the statements concern the issue of broadening NATO. The press has been writing about a back-stage fight of "diplomats" and "soldiers," and about the curbing—as far as East Europe's membership in NATO is concerned—the role of "the genscherists," where Klaus Kinkel belongs.

Helmut Kohl managed to be perfectly clear. Genscherists won, or rather, thinking about Russia's sensitivity won.

Ministry Confirms U.S. Granting of MFN Status

AU1210193593 Bucharest Radio Romania Network in Romanian 1800 GMT 12 Oct 93

[Text] The House of Representatives of the U.S. Congress today approved by consensus the granting of most-favored-nation [MFN] status to Romania by the United States of America.

In this connection, we received the following information by fax from the Ministry of Foreign Affairs:

The U.S. House of Representatives approved without objections the ratification of the Romanian-U.S. trade agreement, which also means the restoration of MFN status for Romania. During the debates, the participants emphasized the progress made by Romania along the road of democracy and transition to a market economy. Two weeks from now, the U.S. Senate will also validate the vote of the House of Representatives.

Iliescu Welcomes Decision

AU1210205493 Bucharest Radio Romania Network in Romanian 2000 GMT 12 Oct 93

[Text] The House of Representatives of the U.S. Congress today approved by consensus the granting of most-favored-nation [MFN] status to Romania by the United States of America. Asked to comment on this vote, President Iliescu told ROMPRES the following:

I welcome with satisfaction this decision of the House of Representatives of the U.S. Congress, which concludes an entire procedure that has lasted for some time. I would like to consider this as concrete proof of the recent opening in our bilateral relations and the favorable attitude displayed toward us by the U.S. Administration and the U.S. Congress. I am looking forward with confidence to the U.S. Senate decision on this matter. I consider that we are now at a new and important point in the development of relations between Romania and the United States, the Romanian president said.

Parliament Appoints Magureanu as SRI Director

AU1210161993 Bucharest Radio Romania Network in Romanian 1400 GMT 12 Oct 93

[Text] A short while ago the joint session of Senate and the Chamber of Deputies validated the proposal of Romanian President Ion Iliescu and officially appointed Mr. Virgil Magureanu to the office of director of the Romanian Intelligence Service [SRI]. Magureanu's appointment was decided by 236 votes in favor and 172 votes against.

Immediately after the result of the ballot had been announced, Mr. Magureanu was sworn in, after which he made a brief statement thanking the parliament members for their confidence.

Minister Popescu, Syrian Delegation Discuss Ties

AU1210182893 Bucharest Radio Romania Network in Romanian 1100 GMT 12 Oct 93

[Text] This morning at Victoria Palace, State Minister Dan Mircea Popescu received the Syrian delegation led by 'Abd-al-Qadir Qaddurah, president of the People's Council of Syria and president of the Arab Interparliamentary Union.

The Romanian dignitary specified that this visit does not only reflect the positive relations between the two countries, but also their desire to expand and diversify these relations.

During the meeting at Victoria Palace, Mr. Dan Mircea Popescu presented the political and socioeconomic development of our country in the past three and a half years by emphasizing the concern of the executive power and the ruling party for the social element of the reform process. He reiterated Romania's clear-cut political will to continue the reform process of the entire society, but with as reduced costs as possible.

The Syrian guest presented a picture of the economic model practiced in his country, characterized by pluralism and special attention to social protection. He expressed Syria's desire to continue the dialogue and the traditional relations of cooperation between our countries.

Foreign Media Bulletin: Balkan Crisis 13 October
WA1310160893

The following is an overview of current FBIS reporting on events in the Balkans. It supplements other FBIS reporting and consists primarily of selected summaries of longer reports. For reference purposes, serial numbers of the longer reports are provided.

SUMMARY

Western Bosnian leader Abdic threatens to conclude his own peace agreement with Serbs, Croats ... Tuzla mayor denies autonomy rumors ... TANJUG reports drastic decline in Serbian living standards since implementation of sanctions.

POLITICAL

ABDIC THREATENS 'SEPARATE PEACE': According to the London-based Arabic-language AL-HAYAH newspaper, western Bosnian Muslim leader Abdic has threatened to conclude a "separate peace" with Serbian and Croatian representatives if Bosnian President Izetbegovic does not meet with him to discuss ongoing intra-Muslim strife. (94P50007A)

TUZLA MAYOR DENIES AUTONOMY RUMORS (Sarajevo Radio): Tuzla mayor charges that reports claiming that some Muslims will soon proclaim autonomy for the city are "disinformation" spread by Serbian media. (AU1210211893)

SANCTIONS

SERBS SINKING INTO POVERTY: TANJUG quotes statisticians as saying that average monthly wages have dropped 90 percent in FRY since implementation of international sanctions in May 1992 and that Serbia will have "four million starving people" next spring. (LD1210162593)

'Peaceful' But 'Tense' Situation in Bihac

AU1210211593 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1800 GMT 12 Oct 93

[Report by Mirza Sadikovic from Bihac]

[Text] The situation on the territory of Bihac district has been peaceful and without any clashes today, although it continues to be tense, grave, and [word indistinct], especially on the territory of Velika Kladusa commune.

There are no clashes in Johovica and Skokovi but Abdic's supporters remain there, naturally, armed.

The command of the 5th Corps continues with the activities aimed at moving the negotiations from a standstill and resolving the situation. At the moment it its difficult to forecast when the talks with Abdic will continue, although the command continues to exert press upon the representatives of (?the French) Battalion, which is the mediator in the talks.

Numerous meetings have been organized in the local communities on the district's territory throughout the day, at which support for the Bosnia-Herzegovina Army and Bosnia-Herzegovina as a single and undivided state was expressed. We single out the meetings of support in the Cazin local community of (?Stijena), Bihac local community of [word indistinct], and Kamenica, which was today visited by the fighters from the first front lines who organized a (?joint) lunch there.

Let me say at the end of the dispatch that the Serbian aggressors were not resting today. They not only provoked clashes, but also shelled the positions of the defenders of Bosanska Krupa and [word indistinct] part of the front. The lines of the defenders are firm and their morale high.

Tuzla Mayor Calls Autonomy Rumors 'Disinformation'

AU1210211893 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1800 GMT 12 Oct 93

[Report by Salih Brkic from Tuzla]

[Text] Esteemed gentlemen! Some international news agencies have recently carried an ultimate disinformation—namely that the town of Tuzla is supposedly about to proclaim autonomy in an action similar to the anti-state one carried out in the Cazin Krajina by secessionist Fikret Abdic.

Disinformation of these international news agencies that have been tacitly working for the aggressor since the outbreak of the war has its well thought-out political background on this occasion as well, is stated at the beginning of a letter that Tuzla Mayor Selim (?Beslagic) has addressed to the Bosnia-Herzegovina Presidency and Government, as well as the Bosnia-Herzegovina Embassy in Zagreb in the name of the presidency of this commune.

This disinformation, the letter by Tuzla Mayor Selim (?Beslagic) further states, suits the aggressor's media campaign against Tuzla, by which they are trying to imply that forces allegedly exist here that would like to break Tuzla away from the Republic of Bosnia-Herzegovina. Unfortunately, some of our high state officials who consider war criminal Radovan Karadzic to be a relevant source of information have also been dismayed by this aggressor's propagandistic malice. Actually, there is only one truth for the presidency of the Tuzla commune and the Tuzla residents. This truth is that there can be no mention of any sort of autonomy and that this town will persist in the liberating struggle for a sovereign and internationally recognized Republic of Bosnia-Herzegovina.

The presidency of Tuzla commune and the Tuzla residents are aware of the ultimate goal of such propagandist imputations and are even more resolute in their combat against all anti-state tendencies. We, therefore, ask you, esteemed gentlemen, to take advantage of your undisputed influence to convey these positions of the presidency of Tuzla commune and the Tuzla residents to relevant places, Tuzla Mayor Selim (?Beslagic) writes at the end of his letter.

Foreign Minister Meets UN Commander in Zagreb

LD1210173293 Zagreb Radio Croatia Network in Serbo-Croatian 1600 GMT 12 Oct 93

[Text] General Jean Cot, the commander of the UN forces, and Haris Silajdzic, the foreign minister of Bosnia-Herzegovina, have held talks in Zagreb today. The minister drew the general's attention to articles in foreign newspapers writing about the bias displayed by the UN forces during the recent events in the Bihac region. General Cot said that the UN forces in Bosnia-Herzegovina were neutral.

Minister Silajdzic informed Gen. Cot about the International Red Cross plan for the HVO [Croatian Defense Council] and the Muslim army to release all prisoners according to the all-for-all principle. The exchange is to begin on Thursday 14 October when the prisoners from Konjic and Gabela will be released.

They also discussed the difficulties encountered by the convoys that are trying to reach Maglaj and Zepce, and how to ensure the departure of a convoy from Stobrec near Split. Gen. Cot told Minister Silajdzic that the protection forces had received permission from the HVO to build a bridge near Bijela, and that they would start supervising the area, the Bosnia-Herzegovina embassy in Zagreb has announced.

Sarajevo Remains Without Electricity

AU1210214693 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1800 GMT 12 Oct 93

[Text] Sarajevo remained without electricity this afternoon. As we have learned from duty officers in the

Bosnia-Herzegovina Electricity Generating Board, a breakdown occurred on one of the transmission lines feeding electricity to Sarajevo. Since the scale of the breakdown is not know yet it is uncertain as to when the Bosnia-Herzegovina capital will receive electricity again.

The supply of natural gas in Sarajevo is erratic. To prevent a disintegration of the system and large-scale accidents resulting from inexpert connection by consumers, Sarajevogas in cooperation with the Bosnia-Herzegovina Gas Association compiled a program entitled Gas is Something Else to establish the situation and repair of the damaged gas system.

The only chance for the Sarajevo residents to survive the coming winter is to use natural gas. However, the gas system is endangered, Sarajevogas director Salih Selmanovic said today, promoting this program. He added that there is no natural gas network in the entire world that could provide as much natural gas as it is currently being wasted in the town due to inexpert connections. Director Selmanovic expects the supply of gas to Sarajevo to be the same as the previous winter.

A delegation of the Bosnia-Herzegovina Government and Sarajevogas is already in Moscow to secure regular supplies of natural gas for this winter. A UN Protection Force team was expected to meet with the representatives of the aggressor's side in Lukavica to establish the reasons for the latest interruption in the supply of natural gas. The project of the town's gas supply, sponsored by the international humanitarian organization IRC [name as heard] is running according to the schedule and it is expected that Sarajevo will soon get 2,500 new connections of the gas.

Serbian 'Ethnic Cleansing' Reported in Doboj

AU1310095693 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 0900 GMT 13 Oct 93

[Report by Mirudin Aldobasic from Doboj]

[Text] The situation on the free Doboj territory is today again extremely complex, dramatic, and at times highly critical. The [Serbian] enemy in the occupied city continues to expel the non-Serbian population. The process of ethnic cleansing has almost been completed.

On the free territory, the last stocks of food and medicine have been used up, and Doboj's refugees, who have been totally encircled for over three and a half months, are literally threatened by epidemics.

As today's statement by the 203rd Motorized Doboj-Bosnia Brigade stresses, over the last 24 hours the aggressor from Mt. Ozren has been firing at the defense lines and the free Doboj territories. These attacks have been of a somewhat lesser intensity than previously, but the enemy is still showing that he does not want peace by not observing the agreed cease-fire.

Karadzic: Muslims Unlikely To Wage Guerrilla War

LD1210173093 Belgrade TANJUG in English 1358 GMT 12 Oct 93

[Text] Petrovo na Ozrenu, Oct 12 (TANJUG)—Bosnian Serb leader Radovan Karadzic said on Tuesday [12 October] that the suggestions to Bosnian Moslem leader Alija Izetbegovic to wage a lengthy guerrilla war in the territory of former Bosnia-Herzegovina, are completely wrong.

"His people will not be so unreasonable as to conduct a guerrilla war when they can have their own state or autonomy," Karadzic told Serb Radio Ozren.

Moderate Moslem politician Fikret Abdic, who disagrees with Izetbegovic's solution to the Bosnian crisis, in late September proclaimed the Moslem enclave of Cazinska Krajina the autonomous province of western Bosnia. Similar tendencies were also expressed in Tuzla, a Moslem city in northeast Bosnia.

According to THE NEW YORK TIMES, Izetbegovic was advised by PLO leader Yasir 'Arafat to accept the peace plan and, at the same time, to launch a guerrilla war to capture additional territories.

The Moslems rejected the entire Geneva peace package for Bosnia, although the other two warring sides (Bosnian Serbs and Croats) accepted it.

The Serbs and Croats offered Izetbegovic, whose forces now control less than ten percent of Bosnia, 31 percent of territories. However, the Moslem leader continues demanding new territorial concessions, but the Serbs and Croats refuse to agree to this.

President Announces Government Reshuffle

LD1210192993 Zagreb Radio Croatia Network in Serbo-Croatian 1800 GMT 12 Oct 93

[Text] At a proposal of Croatian Prime Minister Nikica Valentic, Croatian President Dr. Franjo Tudjman has adopted a decision on a government reshuffle, the president's office announced today.

Ivica Kostovic has been appointed vice premier for social affairs.

Ivan Cermak has been relieved as minister of industry at his own request, and the current Split and Dalmatia prefect Nadan Vidosevic has been appointed the new minister of industry.

Juraj Njavro has been relieved of the duties of the minister of health and has been appointed minister without portfolio. Andrija Hebrang has been appointed the new minister of health.

Josip Juras has been replaced as minister of labor and social welfare, and has been appointed deputy minister of defense. Ivan Parac has been appointed minister of labor and social welfare.

Brigadier Goran Dodig has been appointed assistant minister of defense, the statement says, and Bozo Prka has been appointed deputy minister of finance.

Granic Denies Army Massacred Serbs

AU1210154993 Paris AFP in English 1519 GMT 12 Oct 93

[Text] Zagreb, Oct 12 (AFP)—Croatia on Tuesday [12 October] rejected UN charges that Croatian troops massacred dozens of Serb civilians in Krajina, a part of southeastern Croatia where Serb separatists have declared their own republic.

"All the people killed" during a Croatian offensive against the Serb villages of Divoselo, Citluk and Pocitelj on September 9, died "during clashes," Croatian Foreign Minister Mate Granic said in a letter to the United Nations special human rights representative in ex-Yugoslavia, Tadeusz Mazowiecki.

The dead "were armed, dressed in uniform and actively resisted units of the Croatian Army," Granic added in the letter published by his ministry.

Mazowiecki charged in a report published Thursday [7 October] that Croatian forces executed at least 67 residents of the villages and that another 48 remained unaccounted for. He said the dead, many of them women and children, were shot at close range.

He described the incident as a "serious violation of international humanitarian standards and law" in a letter to Granic and asked the government to explain what had happened.

In his response, Granic said it was "possible that a few people were killed in combat situations by shots fired at close-range," however initial examination of 52 bodies revealed "no sign of violations of international rights in war."

Among "the victims that you describe as women and elderly people," he said in the letter to Mazowiecki, was "an elderly woman who used an anti-aircraft gun on Croatian units, wounding several Croatian soldiers, and who was killed during an exchange of fire."

Croatian President Franjo Tudjman ordered an investigation last week and on Saturday the defense ministry said two military officers had been sacked.

The UN Protection Force in ex-Yugoslavia (UNPROFOR) charged the killings were "intentional" and the victims were killed "regardless of age, sex or status."

It said the victims were Serb civilians unable to escape the attack and that some of the bodies found by UN peacekeepers had been burned.

Granic also said an unspecified number of Serbs were taken prisoner and detained at Rijeka where, he said, staff of the International Committee of the Red Cross had visited them.

Civilians not involved in the fighting, he said, were questioned and released, while "10 women had been placed in a refugee centre in Croatia."

Granic Sends Letter to Bosnian Counterpart

LD1210193493 Zagreb Radio Croatia Network in Serbo-Croatian 1800 GMT 12 Oct 93

[Text] Mate Granic, the foreign minister of the Republic of Croatia, today sent a letter to the Haris Silajdzic, the foreign minister of Bosnia-Herzegovina. The letter reads:

The Republic of Croatia totally opposes any form of ethnic cleansing, but it fully supports the freedom of movement of population. In connection with this, we have specifically asked you to enable people freely to leave Konjic and Jablanica, which they have not been allowed to do for days. The information we have is correct, and Berislav Pusic, the head of the office for the exchange [of war prisoners] and war victims of the government of the Croat republic of Herceg-Bosna, personally visited the area. I would also like to remind you that those people include the priests and nuns from Konjic, and during our first meeting on 17 September 1993 you personally promised that they would be allowed to leave. We promised to let go all imams, and we have done so.

At our meeting held on 7 October 1993, we accepted a proposal by the International Committee of the Red Cross [ICRC] for the planned exchange to include people registered with the Red Cross, as well as those who have not been registered. We agreed to send a list of proposed

people. The lists sent to the ICRC on 10 October 1993 refer only to prisoners of war, and not to civilians. We have been informed that the lists the ICRC received in Medjugorje are correct.

As you probably know, there are still many more Croats left in that area. In line with international conventions, we still insist on the full freedom of their movement.

Regarding the humanitarian convoy in Stobrec [near Split] which you also mentioned, I would like to tell you that in cooperation with representatives of the Croatian Defense Council [HVO] and deputy convoy leader Galib Muic, the Interior Ministry of the Republic of Croatia has completed all technical details. Minister Jarnjak [Croatian interior minister] wrote a report on this on 15 September this year, after which we waited for the Bosnia-Herzegovina embassy to decide on the date of departure.

I personally granted permission for the unhindered passage of the convoy, which was sent to the Bosnia-Herzegovina embassy in Zagreb on 15 September this year. You received permission from the office of Mate Boban, the president of the Croat republic of Herceg-Bosna, that is from the HVO, on 19 September. I would also like to inform you that the Bosnia-Herzegovina embassy in Zagreb was informed about all these details. We do not understand why the convoy has not departed.

I would also like to draw your attention to the fact that 22 humanitarian convoys have crossed the territory of the Croat republic of Herceg-Bosna in the past 20 days.

According to information available to us, and in line with the Makarska Agreement of 10 July this year, more than 3,000 people have been released. The Dretelj camp was closed down by a one-sided decision, and, as you know, some people have been accommodated in Croatia. All humanitarian organizations and reporters have been allowed access to that and the other two detention centers.

It is not true that 500 people have been expelled from Mostar. We verified that report from several sources. The report on a mass Muslim grave in Tasovcici near Capljina is also untrue. You can verify this personally, or accompanied by international representatives.

I would like to draw your attention to our clear stand which Franjo Tudjman, the president of the Republic, reiterated yesterday again. We believe that the clashes in western Bosnia are detrimental for peace and the proposed union of Bosnia-Herzegovina, and that it is contrary to the Geneva Agreement of 15 September. We want to avoid any further clashes and to find a political solution urgently.

Dear Minister, I would like to stress once again Croatia's readiness—within its power—to exert influence on the implementation of the signed declaration and respect for the Geneva Conventions and international humanitarian law. I hope that all these facts will contribute to improved mutual understanding, and, most importantly, to the respect for human rights and man's dignity.

Bjegovic Rejects Unilateral Disarming of Serbs

LD1210222993 Belgrade TANJUG in English 2004 GMT 12 Oct 93

["Pool" item]

[Text] Knin, October 12 (TANJUG)—Prime minister of the republic of Serb Krajina (R.S.K.) Djordje Bjegovic rejected Tuesday [12 October] the possibility for the R.S.K., as insisted by the U.N. Resolution 871, to be disarmed without also disarming Croatia.

"There can be no disarming of one side in the conflict without the other also being controlled and disarmed. The conflicting sides must receive equal treatment and this is the only way conducive to peace," said Bjegovic during a meeting with U.N. peace force (UNPROFOR) Deputy Chief of Mission for former Yugoslavia Cedric Thornberry in Knin.

The U.N. adopted on October 4 Resolution 871 extending UNPROFOR mandate on the territory of the former Yugoslavia until March 1994. At the same time, it met Croatia's demands for the R.S.K., which the resolution treats as an integral part of Croatia, to be disarmed.

The R.S.K. was formed by the Serbs in 1991 in parts of Croatia where they make up the majority population in response to Croatia's forcible secession from the former Yugoslav Federation and reducing the status of the Serbs to one of national minority.

Although the R.S.K. was declared a U.N.-protected area (UNPA) in March 1992, the Croatian Army has since committed three offensives on it aimed at forcibly introducing the Zagreb regime authority there.

Bjegovic told newsmen Thornberry pointed out that UNPROFOR was obliged to protect the people of the R.S.K., and that the U.N. has, by treating in its resolutions as the R.S.K. as an integral part of Croatia, enabled Zagreb's aggression on the UNPA.

The R.S.K. prime minister added that in his discussions with Thornberry the question of 300,000 expelled Serbs from Croatia, who now lived as refugees in the R.S.K., the Federal Republic of Yugoslavia and Western European countries, was also raised.

Thornberry, who is also UNPROFOR director for civil affairs, urged restoring mutual trust between Zagreb and Knin and assessed that a cease-fire accord would be extremely valuable in terms of speeding up the peace process and ending the R.S.K.-Croatian conflict.

Bjegovic, however, underlined that there could be no restoration of trust based on the "scorched land" principle.

UNPROFOR command in Zagreb made public last Thursday evidence that the Croatian Army carried out a "scorched land" operation in three Serb villages, killing at least 70 unarmed villagers, during its latest aggression on the R.S.K. in September.

Federal

FRY Barred from IMF, World Bank Meetings

LD1210201793 Belgrade TANJUG in English 1610 GMT 12 Oct 93

["Pool" item]

[Text] Belgrade, October 12 (TANJUG)—Representatives of the Federal Republic of Yugoslavia (F.R.Y.) did not, even as observers, attend the International Monetary Fund (IMF) and the World Bank autumn meetings which just ended in Washington, because of the U.S. authorities' disapproval, said Yugoslav Deputy Finance Minister [name indistinct] to TANJUG on Tuesday [12 October].

Last year, the F.R.Y. representatives attended the meetings as observers, the country being subjected to the membership succession process.

The secretaries of the two world financial institutions explained the denial by the fact that the observer status has finished this year, said Jelic.

He added however, that, according to Yugoslav sources the real reason was the U.S. authorities disapproval to grant F.R.Y. representatives the access to these important meetings.

"We have been informed that the U.S. World Bank delegate said that the U.S. authorities would not issue entry visas to Yugoslav delegation members, even if they were invited by the World Bank," said Jelic.

The IMF and the World Bank, their agencies and the Inter-American Bank, of which the former Yugoslav Federation (S.F.R.Y.) was a full member, have their seats in Washington.

Since the process of the former Yugoslavia's membership [word indistinct] by five newly-created states has been going on already for a year, it is logical that the F.R.Y., like the other former Yugoslav republics, should be in a position to negotiate directly, said Jelic.

The F.R.Y. representative were denied the chance to do it, not only in October but in April and June as well, because they were denied the U.S. [words indistinct] the visas were not issued on time by the U.S. authorities, he explained.

UN Sanctions Leaving Population on Poverty Line

LD1210162593 Belgrade TANJUG in English 1243 GMT 12 Oct 93

[Text] Belgrade, Oct 12 (TANJUG)—After 18 months of living in conditions of international sanctions, over 50 percent of Yugoslavs can be viewed as social cases, a humanitarian group within the international conference on former Yugoslavia has said.

According to statisticians, the average monthly wages of Yugoslavs have dropped in value by nine tenths.

At the time when the U.N. Security Council imposed strict sanctions against the Federal Republic of Yugoslavia on May 30, 1992, the average monthly wage amounted to 145 Deutsche marks (black market exchange rate), while only 18 months later it is a little less than 15 DM.

Statistical data shows that since May last year, the black market rate of the German mark rose almost 90 million times.

"The living standards of Yugoslavs are considerably below the minimum set by international organizations. Over 90 percent of the population spends all its earnings on food, but even this is insufficient to secure a normal and regular diet," said Milan Zivkovic, the director of Serbia's Statistics Institute.

Before the sanctions, the average monthly earnings could secure 265 litres of milk or 226 kilograms of bread, while in October 1993, one can buy only 60 litres of milk or 180 kilograms of bread, the statisticians said.

Experts estimate that of its 10.4 million inhabitants, Serbia will next spring have over four million starving people.

The situation is made more difficult by the increasing number of refugees from the former Yugoslav republics who found refuge in Yugoslavia. Of the over 600,000 refugees, some 250,000 are children the majority of whom live below the minimum living standards.

Last year's research shows that of Belgrade's 180,000 school children, 20,000 are starving.

The U.N. Security Council imposed strict sanctions against the Federal republic of Yugoslavia due to its alleged involvement in the civil and religious war in neighbouring Bosnia-Herzegovina, although in this ex-Yugoslav republic there have been no soldiers of the former Yugoslav People's Army since May 1991.

Serbia

No-Confidence Debate Continues in Assembly

AU1310094893 Belgrade Radio Beograd Network in Serbo-Croatian 0900 GMT 13 Oct 93

[Text] The Assembly of the Republic of Serbia will continue its debate on the Serbian Radical Party's no-confidence motion in the republic government. Zoran Vaskovic reports from the Assembly.

[Begin Vaskovic recording] We have just learned that another 79 deputies still have to take the floor. A continuation of the debate between the Socialists and the Radicals is expected, while the deputies of minor parties have for the most part remained silent so far. The debate,

which has now been going on for some 17 hours, has hinted that Nikola Sainovic's government will survive.

According to many assessments, no more than 115 deputies will vote for the Radicals initiative to bring down the government. However, 126 votes are needed. We would like to remind you that the deputies of the Serbian Renewal Movement walked out of the session last Friday [8 October], and they will abstain from voting. Yesterday's debate lasted until 2100. We do not know whether today the Assembly will also work longer than usual. Moreover, it is quite unclear when the discussion on this item on the agenda will be concluded.

The beginning of today's debate has been scheduled for 1000, but there are no more than 10 deputies in the assembly hall at the moment, so that the session will probably begin with some delay. We will have the first report on the work of the Assembly at 1100. [end recording]

Assassination Attempt on Draskovic Reported

LD1210123393 Belgrade TANJUG Domestic Service in Serbo-Croatian 1144 GMT 12 Oct 93

[Text] Valjevo, 12 Oct (TANJUG)—At a meeting in Valjevo on 7 October an assassination attempt was made on Vuk Draskovic, chairman of the Serbian Renewal Movement, journalists were told today at a press conference given by the municipal committee of the Serbian Renewal Movement in Valjevo.

The Serbian Renewal Movement claims that after Draskovic ended his speech and joined the crowd, Radovan Obradovic from the village of Sedlari near Valjevo set off toward him with a loaded revolver.

It was stated at the press conference today that Slobodan Pantelic from Valjevo, a security officer at the meeting, intervened and handed Obradovic over to the police.

Representatives of the Serbian Renewal Movement stressed that Obradovic was under the influence of alcohol and that he had earlier threatened Draskovic when his pistol was seized by the Valjevo police; but they did not seize other weapons in his possession.

Draskovic: SPS Should Free Itself From Fascism

AU1210180093 Belgrade Radio Beograd Network in Serbo-Croatian 1400 GMT 12 Oct 93

[Text] Vuk Draskovic, chairman of the Serbian Renewal Movement, held a news conference in the International Press Center. Among other things he pointed out that a showdown between socialism and fascism has been taking place in Serbia recently. This has especially been manifest in the assembly debate that is formally addressing the vote of confidence in Sainovic's government. Vladimir Nikolic reports on the news conference:

[Begin recording] [Nikolic] According to Vuk Draskovic, this conflict is very useful for Serbia in the present and future. The stand of the Serbian Renewal Movement is that one should not extend support to the Socialists, but also not support the fascists, that is, not grant Seselj's party the legitimacy of being an opposition party. In Draskovic's opinion, some of the opposition has sided with fascism and is violently attacking the Serbian Renewal Movement; the latter is not siding with anybody. This part of the opposition has joined Seselj only in order to condemn the Serbian Renewal Movement, Draskovic pointed out. They do not realize that that which is being debated in the Serbian Assembly right now is not the vote of confidence in the government as the government is certainly going to fall, but a vote of confidence or no-confidence for fascism in Serbia, Draskovic said.

[Draskovic] A position of nonalignment, that is, slipping out of the arena, which is what the Serbian Renewal Movement resorted to, is an indirect or even direct support to the Socialist Party of Serbia to settle accounts with the fascist monster—and I hope that this is clear—but it is not at all supportive of the program or the policy of the Socialist Party of Serbia or the government.

[Nikolic] The Serbian Renewal Movement supports, as the party leader put it, a showdown with Seselj's fascism, only to open the possibility of settling accounts with political primitivism, as well as other negative phenomena which, as he put it, exist in the ranks of the Socialist Party of Serbia, state television, the Army, and the police. The Socialists have realized that they must free themselves from such negative phenomena, but they think that they can do so by freeing themselves from Seselj, Draskovic said. However, they should free themselves from such phenomena in their own ranks as well. According to Draskovic, this is the only way for Serbia to join Europe, because, as long as Serbia is not democratic on the inside, as long as it has not become part of Europe, sanctions are not going to be lifted and there will be no economic or any other kind of renewal. [end recording]

SPS Denies Creating Branches in RSK, SR

AU1210170793 Belgrade Radio Beograd Network in Serbo-Croatian 1400 GMT 12 Oct 93

[Text] At a regular news conference of the Socialist Party of Serbia [SPS], party spokesman Ivica Dacic pointed out that they are aware of all the events in the Serbian Assembly, but also know that the majority of the deputies are reasonable politicians who are going to subordinate their narrow party interests to the interests of the entire people. Journalists were told at the news conference that Borislav Atanackovic, governor of the National Bank of Yugoslavia had submitted his resignation due to illness. Here is a report by Dragoljub Stankic:

[Begin recording] [Stankic] The SPS supports all measures and programs of the republic government, including the program on organized supplies for citizens, but that the difficulties faced in implementing those are a matter to be solved by the corresponding bodies, and not by the SPS.

On the occasion of some assertions that the Socialists are forming party branches in the republic of Srpska, Ivica Dacic pointed out that their stand has not changed and that the parties that formed branches outside Yugoslavia put their party interests before the people's interests, which is not good.

[Dacic] Therefore, under the conditions under which the Serbian people is fighting for its state and national interests to be realized, we decided not to form any branches of the SPS in the republic of Serbian Krajina [RSK] and the republic of Srpska [SR], unlike some other political parties that have long done so and whose activity often works contrary to the unity of the Serbian people, something that is so much needed in these regions.

[Stankic] Regarding relations with other parties in our country in the wake of the recent political conflicts, Ivica Dacic said that there have been no agreements or inter-party talks with any political party.

Vladimir Krsljanin, member of the Executive Committee of the SPS, spoke about the party's international activities. The leadership of the SPS has sent a congratulation message to the PASOK [Panhellenic Socialist Movement] leadership for its election victory in Greece. This is one more contribution to the permanent friendship of the Serbian and Greek people, which has been confirmed again just as it has been many times to date. Krsljanin mentioned the visit Goran Percevic, deputy chairman of the Socialist Party of Serbia, paid to Romania at the invitation of the Party of Social Democracy. He also mentioned the idea of creating the Balkan Forum, an organization of leftist parties of the Balkans. The idea is for all of them to oppose foreign interference that leads to the destabilization of the region, something that is, in itself, dangerous for all of Europe. [end recording]

Montenegro

Drought, Sanctions May Cause Electricity Shortages

AU1210183093 Podgorica POBJEDA in Serbo-Croatian 29 Sep 93 p 3

[Report by G. Knezevic: "Fear From the Winter"]

[Text] Niksic, 26 September—It seems that never before have there been more reasons for fear of power cuts than is the case now, immediately before the winter. The people are heating more and more with electric heaters, but "Elektroprivreda," the Montenegrin electricity supply company, is warning people that the old low-tension grid will not be able to take this huge additional load. Even if there is enough electricity, there will very often be failures because of the old and unsafe electrical system. Much greater than this is the fear of shortages. Apart from the "regular" shortage of electricity in Montenegro, there is less electricity this year because of the drought in the area of the Perucica hydroelectric plant, which has lasted practically since November 1992, and the electricity from the Pljevlja steam generating station is too expensive.

Branko Kotri, the manager of the Transmission and Control Division of the "Elektroprivreda" Company says that coal, crude oil and chemicals necessary for the work of the Pljevlja steam generating station are three times more expensive than the electricity produced there.

Milos Vujosevic, the manager of the Distribution Division of the "Elektroprivreda" Company, points out that the safety of the electrical system has also worsened because the system of the former Socialist Federative Republic of Yugoslavia broke down and it is impossible (because of the sanctions) to import spare parts. The "Elektroprivreda" does not have, for example, a single transformer in reserve now, and the system consists of more than 4,000, many of which are "ripe" for repair.

The pessimistic estimation of Mr. Kotri is, however, principally based on the unfavorable situation in the reservoirs of the Perucica and Piva hydroelectric plants. In the Krupac and Slano reservoirs of the Niksic power station there is, for example, enough water for the production of only 14 million kilowatt-hours, which is hardly enough for three days since the consumers in Montenegro use more than 5 million kilowatt-hours per day in this period. For the electric power produced by the Piva station Montenegro receives on the exchange basis from Serbia 2,880.000 kilowatts, and the rest is produced by the steam generating station in Pljevlja.